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Daily Report

East Asia

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Daily Report

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Japan

Japan: Defense Official: Return of U.S. Facilities Finalized

OW0908133996 Tokyo KYODO in English
1257 GMT 9 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 9 KYODO — The United States has formally agreed to return four of its military facilities in Okinawa on condition that their functions be transferred to some other parts of the southernmost Japanese prefecture, a top defense official said Friday.

Masuo Morodomi, director general of the Defense Facilities Administration Agency, made the remark at a meeting between the state and prefectural governments to discuss the reduction of U.S. Bases in Okinawa Prefecture, government officials said.

He told the session that Tokyo and Washington finalized the return of the four installations — the Sobe Communications Site, the Yomitan Auxiliary Airfield, and the Aha and Gimbaru Training Areas, the officials said.

The total land area to be vacated by U.S. forces will be about 780 hectares. The four are among the 11 U.S. facilities in Okinawa which the U.S. tentatively agreed to return to Japan in April.

Morodomi also briefed the meeting on a formal bilateral agreement to build new noise reduction baffles at Kadena Air Base, the officials said.

About 75 percent of all land used by the U.S. military in Japan is concentrated in Okinawa, some 1,600 kilometers southwest of Tokyo, although the subtropical island prefecture makes up only 0.6 percent of Japan's total land area.

In its interim report, a special Japan-U.S. committee on U.S. bases in Okinawa unveiled in April a set of measures to "reduce the burden on the people of Okinawa" in response to local residents' calls for retrenchment of the huge U.S. military presence there.

Such sentiment has especially grown in Okinawa since last September, when a local elementary schoolgirl was abducted and raped by three American servicemen, who are now serving prison terms for the crime.

According to the report, the U.S. will return about 4,700 hectares of land, or approximately 20 percent of the total land occupied by U.S. military bases.

The special bilateral panel is scheduled to release a final report in November, with concrete schedules to consolidate, realign and reduce the U.S. military facilities in Okinawa.

Tokyo and Washington will continue trying to finalize the return of the remaining seven installations, including Futenma air station, the officials said.

At Friday's meeting, Deputy Chief Cabinet Secretary Teiji Furukawa renewed a call for the prefectural government's cooperation in promoting the process of downsizing U.S. bases, the officials said.

In reply, Vice Okinawa Gov. Masanori Yoshimoto urged the specification of the post-relocation size of the four facilities, according to the officials.

Japan: Hashimoto's U.S. Visit Uncertain Due to Okinawa Base Issues

OW0908140296 Tokyo YOMIURI SHIMBUN
in Japanese 9 Aug 96 Morning Edition p 3

[FBIS Translated Text] Because of the stalled issue of streamlining and reducing the U.S. military bases in Okinawa, it has become unclear whether it is possible for Prime Minister Hashimoto to pay a visit to the United States in September as scheduled. As for a site for relocating the heliport of Marine Corps Air Station [MCAS] Futenma, which is a condition for the return of MCAS Futenma, the Japanese Government has proposed to consolidate the functions of Futenma at Kadena Air Base, while the U.S. side is reluctant to accept the proposal in terms of safety and operational difficulties in case of emergency. In this way, a gap between Japan and the United States is widening. For that reason, a voice has begun to emerge, saying "at present, it is highly possible that the prime minister cannot visit the United States" (according to a source close to the prime minister).

It is said that Prime Minister Hashimoto, with general elections in mind, is writing a scenario that "before summit talks with President Clinton in September, the government will work out Okinawa development measures and reach an agreement with Okinawa Prefecture on the realignment and reduction of the military bases, and then he will visit Washington and stress the necessity for close cooperation between Japan and the United States" (said government sources).

However, this scenario is beginning to take a wrong course. Kurt Campbell, deputy assistant secretary of the Defense Department who recently visited Japan to attend working group sessions of the Special Action Committee on Okinawa (SACO), said at a SACO meeting on 1 August that "we have a suspicion that the Japanese Government is playing into Okinawa Prefecture's hands," thus expressing distrust of the Japanese Government.

For President Clinton, in the face of the presidential elections, the issue is a serious question because if Washington should make further concessions to Tokyo's proposal, "it would give his opponent a chance to blame the President" (according to a senior Foreign Ministry official).

There is concern that if Prime Minister Hashimoto holds summit talks with the President without settling the Okinawa issue, it would harm the Japan-U.S. relationship itself.

For the time being, the government for its part intends to come to grips with the issue by working out Okinawa development measures while seeking the U.S. side's understanding of the actual situation in Okinawa. However, the government still cannot find a clue to the issues.

Japan: Hashimoto Exchanges Views With SDF Officers on Base Issues

OW0908112096 Tokyo *NIHON KEIZAI SHIMBUN* in Japanese 9 Aug 96 Morning Edition p 2

[FBIS Translated Text] Prime Minister Hashimoto exchanged views with high-ranking officials of the Self-Defense Forces [SDF], including Joint Staff Council Chairman Sugiyama, in Tokyo on the night of 8 August on the issue of U.S. military facilities in Okinawa. On a site proposed for relocation of the functions of Marine Corps Air Station Futenma, Deputy Chief Cabinet Secretary Furukawa, who accompanied the prime minister, said that the government for its part is considering Kadena Air Base as the most possible substitute site. In response, Chief of Staff Muraki of the Air SDF said, "It is possible, but there is a problem of noise."

Japan: Five Localities Informed of Live-Fire Drill Transfer

OW1208102796 Tokyo *KYODO* in English 1000 GMT 12 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 12 KYODO — The Defense Facilities Administration Agency on Monday informed authorities in five localities of the decision reached between Japan and the United States to relocate live-fire exercises from Okinawa Prefecture.

The five sites in the proposal are the Yausubetsu range in Hokkaido, the Ojoihara range in Miyagi Prefecture, the Kitafuji range in Yamanashi Prefecture, the Higashifuji range in Shizuoka Prefecture and the Hijudai range in Oita Prefecture.

The move came after the Japan-U.S. Joint Committee decided in a special meeting earlier in the day to shift live-fire drills from Japan's southernmost prefecture of

Okinawa to five sites at Ground Self-Defense Force (GSDF) facilities for a period not to exceed 35 days a year.

Defense Facilities Administration Agency officials met with prefectural and local leaders to inform them of the plan's contents and to ask for their cooperation.

Defense Agency chief Hideo Usui will visit the five local governments from the end of this month in a bid to persuade them to accept the planned relocation. Opposition from the localities to the proposal has already been registered.

The Japan-U.S. Joint Committee will formally approve the plan at the end of August, the officials said.

The plan calls for moving the live-fire drills from Camp Hansen in central Okinawa to the five GSDF facilities. The current drills are conducted over prefectural highway 104, a section of which is closed during the exercises.

According to the Defense Facilities Agency, each site will be used for live-fire drills for up to 10 days at a time, and a site will not be used more than four times a year or in succession.

About 300 U.S. Marines take part in the drills and use 12 howitzers.

Japan: Poll: 63 Percent To Vote in Okinawa Bases Referendum

OW1008005796 Tokyo *MAINICHI SHIMBUN* in Japanese 9 Aug 96 Morning Edition p 1

[FBIS Translated Text] On 8 August, *MAINICHI SHIMBUN* obtained the results of a survey, conducted by the Okinawa prefectural government, concerning a planned referendum to ask Okinawa residents whether or not they support the review of the Japan-U.S. Status of Forces Agreement and the consolidation and reduction of U.S. bases in the prefecture. According to the poll, 63 percent of respondents said they would "vote" in the referendum.

The survey was conducted in a 3-day "Okinawa Talk and Live" event that the prefectural government held in Naha City to call on local residents to vote in the referendum. Of some 480 people who came to see the event, 346 (147 men and 197 women; 2 did not give their sex) responded to the poll.

Asked whether or not they were interested in the referendum, 67 percent, or 232 people, said they were "very much interested." If those who said they were "somewhat interested" are added, as many as 92 percent, or 320 people, showed interest in the referendum.

Meanwhile, only 2 percent, or 6 people, showed indifference, saying, "I have no interest," or "I am not so much interested."

In answering a question on whether or not they would vote in the referendum, 63 percent, or 218 people, said they would, while 4 percent, or 13 people, said they had not decided yet. Twenty-nine percent, or 102 people, gave no answer. There were none who said they would not vote.

Japan: U.S. Sailor Indicted in Knife Attack on Sasebo Woman

OW0908120096 Tokyo KYODO in English
1140 GMT 9 Aug 96

[FBIS Transcribed Text] Nagasaki, Aug. 9 KYODO — Prosecutors charged a 20-year-old U.S. sailor Friday with robbery and attempted murder over an attack in July against a Japanese woman in Sasebo, Nagasaki Prefecture in southwestern Japan.

The prosecution indicted Seaman Michael Swanson, a crew member of the U.S. guided missile frigate McClusky, for the early morning knife attack on the woman outside the Sasebo naval base, about 1,000 kilometers southwest of Tokyo. Swanson was arrested July 20.

The 20-year-old woman's throat was slashed and 13,000 yen stolen from her handbag.

Swanson has been in the custody of Japanese authorities since before the indictment.

It is the first time this has occurred since the Status of Forces Agreement, which covers the terms under which the United States operates its military bases in Japan, was revised recently to eliminate a provision that the U.S. side should have custody of a suspect until indicted.

By mutual agreement between the U.S. and Japan, the revised provision allows the Japanese side to take custody when a particularly heinous crime is involved.

The agreement was revised after an angry public outcry in Japan's southernmost prefecture of Okinawa to the rape in September of a local schoolgirl, for which three U.S. servicemen were subsequently convicted and are now serving time in jail.

Japan: Editorial Views Disagreements on Base Return Accord

OW1108102796 Naha OKINAWA TIMES in Japanese
11 Aug 96 Morning Edition p 5

[Editorial: "Gap in Understanding on Base Reduction Accord"]

[FBIS Translated Text] There still exists a wide gap in understanding between the local government and the Japanese and U.S. Governments. The Okinawans consider that the relocation and consolidation of U.S. military facilities within the prefecture does not constitute base reduction, but is rather a simple transfer from one base to another. The Japanese and U.S. Governments believe that their accord on returning 20 percent of the total acreage of Okinawa land occupied by U.S. military bases is definitely a reduction.

Despite this gap in understanding, the Japanese Government notified the prefectural government that arrangements have been made with the U.S. Government on the return of the Sobe Communications Site, the Yomitan Auxiliary Airfield, the Aha Training Area, and Ginbaru Training Area and on a plan to build walls within Kadena Air Base to help reduce aircraft noise.

It was revealed in the interim report announced by the Special Action Committee for Okinawa (SACO) last April that the Japanese and U.S. Governments reached basic agreement regarding 11 military facilities. The agreement on the five facilities reported at the second meeting of the "Working Committee on the Return of Marine Corps Air Station Futenma and Other Facilities" (task force) held on 9 August was the first concrete plan regarding facilities mentioned in the SACO interim report.

However, progress is unlikely unless the Japanese and U.S. Governments and the prefectural government manage to narrow their most fundamental gap — the gap in their understanding of military base reduction. The Japanese Government should tackle the problem, making the people of the entire nation realize that it is everybody's problem.

Regarding the return of MCAS Futenma, which is the main feature of base reduction agreement, the Japanese Government is finding itself sandwiched between the U.S. Government and the local government, both of which oppose the Japanese Government's proposal to construct helipads on Kadena Air Base to replace the ones at Futenma. Looking at the details about the plans to return the four facilities which are referred to as the "other facilities" in the "plans to return MCAS Futenma and other facilities," it is doubtful whether those plans can be considered reduction plans.

The Sobe Communications Site is to be relocated to Camp Hansen (located in Kin Township), and the U.S. Marine Corps [USMC] paratroop exercises over Yomitan Auxiliary Airfield are to be relocated to Ie Jima. After both issues are settled, the communications site and the auxiliary airfield are to be completely turned over to their rightful owners. In Kin, the Ginbaru Training Area is to be returned after exercises regularly held there are relocated to Camp Hansen and Blue Beach.

Both Kin Township and Ie Village have expressed opposition to the relocation plans. In particular, it is very understandable that the plans are intolerable to the Kin residents. The plan to relocate USMC live-fire exercises across prefectural highway 104 to training areas in mainland Japan which the Japanese Government has tentatively decided is yet to be finalized. Kin residents surely cannot tolerate the construction of a new "elephant cage" within their town nor the transfer of helipads there.

The only thing that we welcome is the building of sound-proof walls around parts of Kadena Air Base. We do not want the Japanese and U.S. Governments to think that now that two-thirds of the pending task of returning military bases is complete, following the decision on the return of MCAS Futenma and other facilities, the rest depends on whether the prefectural government will cooperate.

Japan: Former MSDF Staff Chief on Security Issues
OW1208032196 Tokyo SECURITARIAN in Japanese
10 Jul 96 pp 23 to 28

[Article by Makoto Sakuma, adviser and former chairman, Joint Staff Council, Defense Agency; originally titled "Security in the Asia-Pacific Region and Japan-U.S. Security"; Published in journal's combined June-July issue]

[FBIS Translated Text] With international conditions unclear after the Cold War's end and with the Asia-Pacific region groping for a new security environment, questions have again arisen as to the role that Japan should play and the significance of the continued existence of the Japan-U.S. security arrangement. What kind of security framework can we expect for this region as we move into the 21st century? In this article the author looks at likely future issues and makes some predictions.

Restructuring of Security Policies after Cold War

The Japan-U.S. Joint Declaration on Security, issued by Prime Minister Ryutaro Hashimoto and President Bill Clinton on 17 April 1996 (the "Hashimoto-Clinton

Initiative"), made clear to all in Japan and abroad the future image of the security arrangement for the Asia-Pacific region as we move into the 21st century.

After the demise of the Cold War, nations throughout the world under new conditions have been making vigorous efforts when it comes to establishing directions for their security policies. That is because, with the collapse of the global security structure of the East-West Cold War that had lasted for roughly forty years, the greatest problem facing each state became how to provide for its own security. As for the United States, first in the April 1990 EASI-I strategic framework for the Asia-Pacific region (East Asia Strategic Initiative-I) it unveiled a force reduction plan to be implemented over ten years. However, because of misgivings that North Korea might be developing nuclear weapons two years later it modified the plan into the EASI-II. The next major development was the September 1993 bottom-up review, which called for the establishment by 1999 of a framework for defense strength in line with the national security strategy, namely that the U.S. military should retain the capabilities to fight two large-scale regional conflicts simultaneously. In line with this concept, the plan calls for modernization of defense forces, to include guided missile defenses, along with reduction in expenditures through reorganization of bases and facilities. In July 1994, the U.S. government then formulated the "National Security Strategy," frequently referred to as the "Strategy of Engagement and Enlargement." This strategy recognizes that at present the security environment involves a mix of various dangers as well as prosperity, and discusses four of those dangers: ethnic conflicts, proliferation of weapons of mass destruction, deterioration of the global environment, and terrorism/narcotics trade. In order to respond appropriately to this blend of threats and prosperity, the United States clarified policies to promote positive engagement along with the expansion of economic dynamism and democracy. Based on the fundamental strategy outlined above, since 1995 the U.S. Government has revamped its strategy for regional security. The first concrete evidence of this change was a comprehensive strategy for Asia and the Pacific, in the form of the East Asia Strategy Report (EASR), made public in February 1995. Since then, security strategies have been formulated in succession for the Mideast, the NATO countries, the Americas, Africa and South Asia. Now it might be said that the reorganization of the U.S. security strategies for the post-Cold War era has been completed. The EASR accounts among the benefits accruing to the United States from the maintenance of security in the Asia-Pacific region: trade access, freedom of navigation, and the prevention of the appearance of a single nation or league of nations seeking hegemony in the region. The Japan-U.S.

security arrangement constitutes the cornerstone of U.S. security policies for Asia, and during the remainder of the 20th century the United States intends to maintain around 100,000 troops in Asia. Similarly, the "NATO strategy" clearly calls for the maintenance of around another 100,000 troops in the Europe/North Atlantic region. On the other hand, Japan continues its efforts to reassess and reconstruct its defense strategies for after the Cold War. The Mid-Term Defense Program (for FY1991-FY1995) approved by the Cabinet on 20 December 1990, in response to the international conditions prevailing at that time, called for the pursuit of policies based on a strategy of "maintaining force level." However, even before the first planned review of the program supposed to take place three years after its adoption, two years later on 18 December 1992 a policy was adopted to cut total defense expenditures by 580 billion yen (a decrease of about 2.5 percent). Then in August 1994, the Advisory Group on Defense Issues, a private advisory group under the prime minister, presented a report entitled "The Modality of the Security and Defense Capability of Japan: The Outlook for the 21st Century" to then prime minister Tomiichi Murayama. This was followed by Cabinet approval of the new National Defense Program Outline on 28 November 1995.

Japan's adoption of various new defense policies and the reorganization of its defense policies by the United States referred to earlier are by no means unconnected events. They might be regarded as passing the "ball" back and forth, in setting up the "goal" that turned out to be the Japan-U.S. Joint Security Declaration of April 1996. In response to these actions, on 25 April 1996 while on an official visit to China, Russian President Boris Yeltsin jointly issued with PRC Chairman/President Jiang Zemin the "Beijing Declaration." It called for "the development of bilateral ties of strategic cooperation as we approach the 21st century." This move might be regarded as having political significance related to the "Japan-U.S. Joint Security Declaration."

Security Environment in Asia-Pacific Region

Security Environment in Post Cold War Period

The collapse of the Cold War structure in Europe of course also had an impact on the security environment in the Asia-Pacific region. Compared to the abrupt changes in conditions that have occurred in Europe and the Mideast, however, the conditions in our region have been somewhat different. The reasons can be traced to differences in the security environment in this region dating back to the Cold War era. First, while in Europe the military forces of two multinational alliances—namely, NATO and the Warsaw Pact Organization (WPO)—faced off, leading to a structure of direct

confrontation on the European continent, in East Asia, the United States built up a structure of forces designed to contain Soviet military incursions into the Pacific Ocean from the Soviet Far East primarily through a series of bilateral alliances with nations of the Free World camp, including Japan. Included in this group were the two geographical areas situated closest to the main Soviet military forces in the Soviet Far East: the Korean Peninsula and Japan.

The second major factor was the existence of the People's Republic of China. Except for the period of Chinese-Soviet solidarity during the 1950s, China stood aloof from the two camps of East and West and sought to be the leader of the Third World. As circumstances dictated, it sought to play the "China card" vis-a-vis both the United States and the Soviet Union. Since the Cold War's end, these structures in the Asia-Pacific region have come under closer scrutiny, and it seems clear that such territorial issues as the Spratly Islands will become more prominent in the future. These include issues directly involving Japan, like the Northern Islands issue and ownership of the Senkaku Islands.

Korean Peninsula

In today's post-Cold War period, the structure of confrontation on the Korean Peninsula continues as before, with approximately 1.5 million ground troops from North and South facing off across the demilitarized zone. In addition, internal conditions in North Korea remain far from clear, and there seems a strong possibility that the present curious regime in the North will somehow collapse. It is difficult to predict what will happen in that event. There are considerable fears that should the process of collapse become precipitous and dramatic, it could have a major impact on surrounding countries. In addition, the directions that the Korean Peninsula might take after reunification would certainly have a major impact on the Asia-Pacific region. In other words, conceivably a united Korea might be incorporated into a framework of a new camp made up of continental states, or alternatively it might function as a member of the Pacific world. Considering how in any event the geopolitical situation of the Korean Peninsula functioning as a meeting place of the Asian continent and the Pacific would not change, in the future it should be a major key to future progress by the world community as well as security in the Asia-Pacific region.

Russian Far East

When it comes to the future situation in the Russian Far East as well, it is impossible to escape the sense of opaqueness. Amidst the political and economic chaos following the disintegration of the Soviet Union,

it is difficult to conceal the fact that the level of force readiness maintained by Russia has decreased considerably. However, at the same time, we should recognize that Russia is modernizing its ground, sea, and air forces, conducting training and military activities in a more low-keyed fashion than previously. The democratization and economic opening up of Russia are welcome from the standpoint of improving the global security environment. At the same time, however, it is impossible for us to deny that the attraction of Russia's traditional consciousness of itself as a great power and faith in power means that there is a possibility that Russia will follow a path that creates unstable conditions.

China

The point of greatest interest when it comes to future security for the Asia-Pacific region is no doubt the direction that China takes. That nation's economic development has been attracting the attention of the entire world. But when it comes to responses to problems made by China regarding energy, food, the environment, and domestic economic disparities, clearly they will have a major impact on the future peace and stability of the region. No doubt the pace of China's efforts qualitatively to upgrade and modernize its military forces will vary depending on economic growth. Judging from its traditional great power mentality and historical experiences, however, as national power increases it will be impossible for China to eschew modernization of its armed forces to make them functionally well-rounded. As pointed out earlier, the bilateral Sino-Russian Beijing Declaration in May this year has attracted attention for calling for the "strengthening of military exchange and military technical cooperation." Moreover, when it comes to evaluations of Chinese military power, it is not appropriate to discuss things in terms of strengths or weaknesses of a first-rate global military power. Rather, it is necessary to recognize the impact that the Chinese forces are likely to have on the security environment through relative comparisons with the military forces of its neighbors. Besides, another focus of concern is whether, with China's national modernization, its military forces will become those of a modern nation state, or whether they will continue to function as the forces of the Chinese Communist Party. In this regard, we should note the reports that the draft of the National Defense Law proposed at the May National People's Congress included the qualification "the military will be directed by the party." We should keep an eye on how things proceed in this regard. The military tension in the Taiwan Strait surrounding the Taiwan presidential election we witnessed in March of this year served to renew recognition of the significance of

Taiwan when it comes to security in the Asia-Pacific region. We need to follow diplomatic rules when it comes to Taiwan's status and the question of national unification. At the same time, however, it is crystal clear that military activity in the Taiwan Strait and its environs is very much an international security problem. From that standpoint, the question of preventing the use of force within the region has attracted the attention of international society and demands that international efforts be made in this regard. A key to judging what the future holds in store for Taiwan will be what path Hong Kong takes after its reversion to China next year, and this is sure to attract the attention of the entire world community. Another key to divining how China will develop in the future is how it establishes an oceanic presence. The adoption of the Law of the Sea, clarification of the role of the military in safeguarding ocean rights, the efforts being made by China to modernize its naval and air forces, as well as the strategic oceanic surveys and such that it has been undertaking on a systematic basis over several years, and other actions all serve to highlight China's intention to establish a greater presence in the ocean areas. We can conclude that its objectives are to retain control of ocean resources while expanding its sphere of influence. When it comes to China's future stance, however, there are grave concerns that, based on the United Nations Convention on the Law of the Sea that took effect in 1995, China will seek to establish a new oceanic order, and that this will become a major problem as far as the security of the Asia-Pacific region is concerned.

Southeast Asia

With the changes in the nature of presence of military forces in the region resulting from the collapse of the Cold War structure, it is a natural trend that the nations of Southeast Asia should seek to modernize their military forces, in line with factors like the need to eliminate problems of domestic order, the expansion of national strength commensurate with economic development, and so on. Nevertheless, we need to monitor the changes in the regional defense environment resulting from such modernization of their military forces by the Southeast Asian nations, with one example being the increase in the number of submarines in operation.

Mideast, Southwest Asia

When it comes to the Mideast and South Asia regions as well, in the future these areas will continue to have great security significance for the world community, especially for the nations of the Asia-Pacific region. That is because they are major production centers for petroleum, a major energy source, and also incorporate sea lanes over which this oil is transported. Here we

need to take note that the U.S. "Security Strategy for the Mideast Region" calls for dual containment of Iran and Iraq.

Establishment of Security Structure After Cold War

Having led the Western camp throughout the Cold War, in the immediate aftermath of the Cold War's end, the United States displayed hope and confidence as the world's only superpower to establish a new world order. Nevertheless, as the response of international society to the Gulf War clearly demonstrated, the assumption by a single nation of the responsibility for the peace and stability of the globe today is impossible as well as inappropriate. Rather it is the responsibility of international society to have its various members cooperate and jointly safeguard security. In addition, it is no longer sufficient to rely on the traditional "passive" approach to preventing invasions, by developing and maintaining defensive military strength sufficient to respond to armed conflicts. Instead, we have entered an age of proactive, preventive defense in which positive measures are taken to ferret out the seeds of conflict so as to prevent them before the fact from ever having the opportunity to sprout. This new approach is the product of wisdom that humanity has developed as the result of two world wars and the long Cold War. Another point that we should not forget is that the supreme duty of the State is to provide security for its people, and that this is a prerequisite for economic development, welfare, public security, and so on. Moreover, security issues are those involving the determination of what kind of course a State will take in international society. Since the trend is for one country to not be able to provide for its own defense, we get back to talking about the problems of deciding on what kind of international framework a given nation is to enter into or with which countries it should form alliances. When it comes to the selection of alliances, we must take into account diverse factors in addition to the military side of things, including the political, economic, technological and cultural aspects, and evaluate all of these things from a holistic, long-term perspective. When it comes to the factors that need to be considered, we must bear in mind the geopolitical situation for the State, values, ethnicity, religion and so on. Moreover, history has many lessons to teach us. On the other hand, there is the argument that in the future security will have to transcend bilateral alliances and be achieved within a multinational framework. Actually, it is true that if international society is based solely on bilateral relationships, then sometimes according to circumstances, instability arising from arbitrary changes in the way the two nations interact can develop, and it is easy for discord to arise between the two partners. Be that as it may, with the exception of

cases like NATO during the Cold War, where the member nations of a grouping share recognition of a common threat and enjoy the same kinds of benefits from the arrangement, it is very difficult to achieve accord among the members of a multinational group, with the degree of difficulty growing with the number of countries involved. In such cases, these groupings are not able to fulfill their reason for being, namely the preservation of the security of the member States. This truth is revealed by Japan's own history. Thanks to the Anglo-Japanese Alliance, Meiji Japan's national security was protected amidst the violent vicissitudes of the age. However, after World War I the Anglo-Japanese alliance disintegrated, to be replaced by the four-power treaty arrangement involving Japan, Great Britain, the United States, and France. History shows that under this framework Japan eventually became isolated from international society and was unable to provide for its own security. Without a shadow of a doubt, it is vital for us within global society and with the greatest possible number of nations to make our defense policies transparent and to work to forge ties of trust. Furthermore, it is important to go beyond having just a single arrangement with one other nation and to establish various international ties with various objectives in mind. We can see how such multifarious international frameworks can coexist from the case of Europe where we find simultaneously the North Atlantic Treaty Organization (NATO), the European Union (EU), the Western European Union (WEU), the Organization for Security and Cooperation in Europe (OSCE), the Partnership for Peace (PFP), and various other arrangements. That is to say, the establishment of deeply stratified international ties serves to strengthen a State's security. But one thing that we should not forget is that such multilateral frameworks developed with the aim of building a framework of trust by reducing threats and preventing them from surfacing do not actually respond to these threats and protect national security.

Security in Asia-Pacific Region

The decision that Japan faces proceeding from the above described post-Cold War security structure is what kinds of alliances to choose. Theoretically, it has multiple choices. Among them are: a Japan-U.S. alliance, a Japan-China alliance, a Japan-Russia alliance, a Japan-Korean Peninsula alliance, a Japan-ASEAN alliance, or multilateral alliances involving various combinations of the above. Nevertheless, if we carefully consider the various factors involved in such a choice, it becomes clear that the only viable ally for Japan remains the United States. As many well-informed observers have pointed out, history makes this clear from a review of how the Anglo-Japanese alliance was concluded and

then dissolved, the road that led to the Axis Alliance bringing together Japan, Nazi Germany, and Fascist Italy, the fruits of the postwar Japan-U.S. alliance, and so on. Any other choice besides the Japan-U.S. alliance would amount to mischief-making that would invite instability and confrontation in the Asia-Pacific region, and give us good cause to forecast Japan taking a course in which it would turn its back on the world and manage its affairs in an inward-looking, seclusionist fashion. In the future, the factor that will most likely be decisive in determining whether there is a stable security environment in the Asia-Pacific region is the triangular relationship among Japan, the United States, and China. Under the worst case scenario, these three powers would fall into a Machiavellian balance-of-power game and mutually adopt divisive policies. If such a situation should develop, then the security environment in the Asia-Pacific region will be extremely fluid and unstable, and we would not be able to hope for further development in this region. It would also invite militarily dangerous conditions. In addition, another major problem we are going to have to face in the region in the future is achieving harmony among pluralistic values. It is frequently said that there are as many "isms" in the world as there are nations, and there is not total agreement between the values of Western society and those of the Asian region, since they reflect the histories and social conditions in each of the separate countries. If a one-sided attempt to give impetuously universal application to a given value system and force other countries to accept it, the odds are very high that the attempt would provoke international friction. It is important for various States to recognize this point and, while engaging in frank dialogues on shared ideals, redouble their efforts to harmonize their values. Under these unstable conditions in the Asia-Pacific region, the Japan-U.S. Joint Security Declaration issued at the time of the Japan-U.S. Summit spoke of "reaffirmation" of a "commitment to the profound common values that guide our national policies: the maintenance of freedom, the pursuit of democracy, and respect for human rights." It also stated that the two sides, "reaffirmed that the Japan-U.S. security relationship, based on the Treaty of Mutual Cooperation and Security between Japan and the United States of America, remains the cornerstone for achieving common security objectives, and for maintaining a stable and prosperous environment for the Asia-Pacific region as we enter the twenty-first century." In other words, this statement represented a clear choice of sticking to the Japan-U.S. alliance. Its significance is tremendous when it comes to security for the Asia-Pacific region. On the other hand, maintenance of the Japan-U.S. alliance by no means should be construed as establishing an exclusionary form of international

relations, nor does it deny multilateral cooperation. Frameworks for multilateral dialogue in the region, such as the ASEAN Regional Forum (ARF), have already been born in the Asia-Pacific region and are steadily producing results. When it comes to such multilateral cooperative structures, Japan should work for their development jointly with the United States, and the intention to do just that was explicitly mentioned in the Japan-U.S. Security Joint Declaration. In other words, two approaches are indispensable for Japan and the United States when it comes to security in the Asia-Pacific region. The first is to make greater efforts to increase the level of trust in the Japan-U.S. alliance, and the second is to promote multilateral cooperation predicated on the Japan-U.S. alliance. This would appear to be the most appropriate policy when it comes to the security structure for the post-Cold War period.

Future Issues for Japan

When it comes to the great issue of security in the Asia-Pacific region, the path that Japan needs to pursue is clearly delineated in the "Japan-U.S. Joint Security Declaration." The question for the future that Japan now has to face is how the policies called for in this declaration can be put into effect, and the behavior that is required to achieve greater trust in the Japan-U.S. alliance, while Japan and the United States work jointly to achieve security in the Asia-Pacific region.

For that reason, first of all we need to hold bilateral policy consultations on defense issues on a continuing, more inclusive basis. These consultations should be aimed at providing without interruption joint assessments of conditions in the Asia-Pacific region, as well as the world as a whole. Then, based on these assessments, our two countries need to discuss how they can respond to various situations. This research should naturally include various crises that Japan and the United States might have to respond to, including possible "emergencies in the Far East." Also, in response to the results of these studies, we need to develop systematic plans to deal with each potential situation. Furthermore, when it comes to situations that require joint action, we need to carry out joint exercises and joint training for the purpose of determining how these plans can be refined and improved. In addition, there is a need to work to establish a mutual support system in which both partners truly act like allies. This system should extend beyond rear support to include such sectors as intelligence and communications. It is also important for us to seek to upgrade mutual applicability for equipment, etc. Another major thing we need to deal with is how to achieve stability for U.S. military forces stationed in Japan, in-

cluding when it comes to their use of their bases in Japan. Japan's Self-Defense Forces [SDF] also need to deal with new items within this large framework. As for upgrading the solidarity and training of units, it will not do for the SDF to slacken when it comes to its immutable basic missions. In addition, we also need to seek more energetically and effectively to fulfill our international responsibilities for achieving peace and stability in the Asia-Pacific region. During the past few years, the SDF has gone beyond the mine sweeping activities carried out at the time of the Gulf War to take part in PKO activities and various internationally beneficial activities. Hopefully, in the future we will also establish a stance making it clear that we will do what we have in the past, only better, and to that end we need to further refine our training. In May 1995, the late Professor Masataka Kosaka of Kyoto University in one of his books wrote, "Postwar Japan has not had responsibilities in international society or the objectives to live in it on a fair and square basis." He pointed out how as a result there are now threats to Japan's future. In the fifty years since the end of World War II, Japan's security has been supported by two pillars: the Japan-U.S. alliance and Japan's own self-defense efforts. The results of security policies have been prosperity and development. However, on the opposite side, under the strong umbrella of U.S. military might, it is impossible to deny that the Japanese people have had little consciousness of Japan's own responsibility to protect its security. In the fluid security environment following the Cold War's wake, the time has come for Japan to recognize once again the importance of the question of what the State needs to do and based on that recognition make a new start when it comes to cooperation with the United States regarding security in the Asia-Pacific region.

Profile of Makoto Sakuma

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Japan: NIDS on U.S. Views of Security Ties With Japan

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[FBIS Translated Text] There is much discussion in Japan these days about the Japan-U.S. security arrangement, but how is the bilateral security situation being viewed in the United States? In this article we will analyze the tone of debate among two groups that have a major impact on the formation of public opinion: researchers and journalists. The U.S. Defense Department recently published two important reports. In February 1995 there was "The U.S. Security Strategy for the East Asia and Pacific Region" (hereafter referred to as "East Asia Strategy Report" or EASR), followed in March 1996 by the "Report on Japan-U.S. Comprehensive Security Ties." We might say that these reports were the key reports when it came to the "redefinition" of the meaning of the Japan-U.S. security arrangement in the post-Cold War era. Although interest among the American public and in the political world regarding these reports has proven extremely low, they provoked a lively debate on security issues and Asian problems among specialists. As is revealed by the East Asia Strategy Report and in other places, the basic stance of the Clinton Administration is that even though the Cold War is over, the present Japan-U.S. Security Arrangement should be maintained. When it comes to the maintenance of the status quo, opinion among experts has generally divided into two currents. In short, one side believes that the arrangement should be reconsidered, while the other argues that it should be scrapped all together. Those calling for a review of the arrangement, generally call for it to be strengthened so that it will be a more reciprocal, equal alliance. Among them are some who call for shock treatment in the form of reductions in the scale of the U.S. military presence in Japan, in order to reduce the U.S. role, and thus pressure Japan into increasing its own role. Below we will give an overview of the tone of the debate on the Japan-U.S. security arrangement from the time these reports were issued until March 1996, classifying the arguments into three general categories: (1) maintenance of the status quo, (2) reevaluation, and (3) abrogation.

Argument for Maintenance of Status Quo

The aim of the defense of the status quo made by the Clinton Administration in the EASR and elsewhere is through the presence of the U.S. military to provide the region with security for the sake of development. At the same time, it is felt that, since the United States is a Pacific power and has close economic ties with the region, the United States will share in this development. Therefore, what is required is support over the long term for a security framework that will involve most of the nations in the region and support those countries that could not get along without the help of the United States. The EASR cites as justification for this position the following factors. (1) Stability and prosperity in the Asia-Pacific region are vital factors as far as U.S. national interest is concerned. Consequently, uninterrupted engagement in the region is indispensable. (2) A U.S. presence in the region is vital not only for its own security but for the global U.S. military stance and to allow the United States to respond quickly and flexibly to global crises. (3) The U.S. presence should prevent the appearance of regional hegemonism and make it possible for the United States to strengthen its influence when it comes to major intraregional disputes. (4) Maintenance of a U.S. military presence will allow the United States to function as an "honest broker." Within this strategic framework, the Japan-U.S. security arrangement acts as the "linchpin for the U.S. security policy in Asia." In order for the U.S. military presence to be maintained in the region, there are demands for Japan to play a role as a stable rear support base with high technological and human capabilities. In terms of geography as well, there is no other country in the region that can play this role. Consequently, Japan is indispensable to the United States if it is to be a Pacific state.

On the other hand, defenders of the status quo point to the flip side of the situation, namely that the integration of Japan into the U.S. strategic framework prevents it from becoming a major military power. In other words, the continuance of the U.S. military presence is an important factor in maintaining stability in Asia, by reassuring the various nations in the region that a Japan that is a major power but not in the military sense will remain as is. (Incidentally, the author of the East Asia Strategy Report, former undersecretary of defense Joseph S. Nye, has argued that Japan should be recognized as a "civilian power" so that it will have an image as a state that refuses to become a military great power, and that to that effect it should have political power in international organizations commensurate with its economic power.) In that argument you can detect an element of distrust in Japan. Moreover, Japan for

its part has offered the historical sensitivities of various countries in the region as justification for its easy co-opting into the framework. So the reality is that Japan is not in the position to reject its dependence on the United States for its own security needs.

Revisionist Argument

Holders of the revisionist position harshly criticize the maintenance of the status quo. Consequently, the special feature of the revisionist school is that it believes that it is only natural that Japan should assume more roles. The argument that demands a more reciprocal and equal alliance assumes that as long as the status quo is maintained Japan cannot be a true ally. They therefore see the need for shock treatment to awake Japan to the need to act. For example, Chalmers Johnson, president of the Japan Policy Research Institute and Professor Emeritus at the University of California at San Diego, points to the unilateral nature of Japan-U.S. defense behavior and has declared: "If Japan is to truly remain the cornerstone of the U.S. strategy for Asia, a serious debate needs to be carried out on the revisionist of U.S. defense strategy, with all of the present Japan-U.S. Security Treaty coming in for revisionist, or concentrating on peaceful dismantling of the system." Thus, a shift in terms of responsibilities and roles needs to be made that takes into account the present realities and future prospects for Japan and the United States. The background to this argument is the belief that if, in the event of an emergency on the Korean Peninsula, Japan should refuse to put its own people in harm's way, as was the case during the Gulf War, it would come to be labeled as an "unreliable ally" and domestic support for the Japan-U.S. alliance among the American public would evaporate. In addition, there is also the belief that in the economic dimension the Japan-U.S. security arrangement lacks reciprocity. Johnson charges that in terms of economic and trade behavior Japan and other countries in East Asia have government-directed "developmental capitalist economies." He contends that their form of capitalism is qualitatively different from that in the United States and Europe. Consequently, even though the United States might be forward positioning military power in East Asia for the sake of the peace and stability of the region, that is no guarantee that it will be able to fully participate in the Asian economy. Instead, he believes that Japan and other East Asian countries are simply using it. University of Washington University Professor Kenneth Pyle argues that if the present situation with the Japan-U.S. security arrangement in which the world's largest debtor nation unilaterally offers a security guarantee for the world's largest creditor nation continues, "At some time in the future, a more assertive Japan will refuse financial support for the bases

that it is using to contain itself." The demands made of Japan that can be equated to the position that there should be a more reciprocal and equal alliance are the equivalent of the acceptance of the right of collective defense. Such an adjustment to the system would be designed to allow the Japan-U.S. security arrangement to operate more smoothly and efficiently. Vanderbilt University professor James Auer argues that this amounts to the acceptance of the right of collective security, saying, "Even with the defensive character of the Self-Defense Forces [SDF] staying as is their scope of combat operations should be expanded beyond the immediate environs of Japan itself." He adds, "They will have to be made able to respond more flexibly to respond to overseas crises." He also says: "Were Japan to participate in defensive military activity anywhere in the Pacific region under the Japan-U.S. Security Treaty or participate in U.N. peacekeeping operations anywhere in the world, that would by no means mean that it was on the slippery path to militarism. Rather, the dangers would be much less than if Japan-U.S. ties were to be damaged or if Japan were asked to play some definite independent role in the sphere of defense." In other words, Auer emphasizes that a greater role for the SDF should not be a cause for misgivings among Japan's neighbors.

When it comes to the scale of U.S. military forces stationed in Japan, there is the view that there is a chance that their present scale may be reduced. That is because although the importance of the U.S. military bases in Japan authorized under the Japan-U.S. security arrangement is recognized by the U.S. side, it is felt that this move must be made in order to reduce the political and social difficulties that have arisen in Japan because of base-related problems. Specifically, it has been proposed that the number of U.S. Marines be cut or that their units be deployed back and forth from the United States on a rotation basis. Furthermore, from a long-term perspective, should the situation on the Korean Peninsula improve, it might be possible for the U.S. military forces to be shrunk even further. Professor Auer predicts that if peace comes to the Korean Peninsula, the continued stationing of U.S. troops not only in South Korea, but also in Japan, will come into question. In such an event, the need for stationing Marines in Okinawa will be gone, and it will be sufficient for the 7th Fleet to still have bases in Japan. Thus, should the situation on the Korean Peninsula take a turn for the best, the stance for U.S. involvement in Asia might change fundamentally, and that being so the Korean problem might over the long term be the ultimate test of the Japan-U.S. security arrangement. Olsen, a professor at the U.S. Naval Academy, has written, "The division of the Korean Peninsula has contributed to the growth of the Japan-

U.S. security arrangement, likewise when it comes to goals and context, the end of the Cold War on the Korean Peninsula probably amounts to a mortal wound for the Japan-U.S. security arrangement." Thus doubts have been raised as to whether the Japan-U.S. security arrangement can survive as some kind of ill-defined mechanism despite the lack of a clear-cut menace to face.

In addition, there is the argument for a scaling down of U.S. forces in Japan as a kind of shock treatment that will induce Japan to assume a larger defense role than it has to date. Mike Mochizuki, senior fellow in the Foreign Policy Studies Program at the Brookings Institution, hopes for just that, writing, "A reduction of U.S. military forces in Japan could provide a chance for constructive moves towards revision of Article 9 of the Constitution, and to Japan's clear recognition of the right of collective self-defense as well as the right of individual defense." He hopes that such a debate will elicit proposals from center-left progressive forces. However, it is rare to have a debate that reaches as deeply as the question of Constitutional revision.

Treaty Abrogation Argument

There certainly seems to be some sentiment, albeit limited, within the United States to the effect that the Japan-U.S. security arrangement should be done away with because it adversely affects U.S. national interests. A report from the Cato Institute calls for the complete removal of all U.S. forces from Japan within five years, to be followed two years later by the abrogation of the Japan-U.S. Security Treaty. The background to this proposal is the view that the primary responsibility for peace and stability in East Asia rests with the nations of the region, and that the role of the United States should be that of a "balancer" to prevent the emergence of a hegemonist state. Furthermore, it is also argued that considering that, with the exception of the United States, Japan is the preeminent power center in the region, it would be in the national interest of the United States to see Japan play an increasingly important role over time. The report in question examines the situation from a balance of power perspective and comes to this conclusion: "U.S. goals in Asia are to achieve a balance of power and stability, and Japan's role in achieving these goals is extremely important. That is because with the exception of the United States, Japan is the only country in the region that can achieve a power balance vis-a-vis China." The background to this balance of power view is the fact that for the first time in history Japan and China are simultaneously power centers. This consideration will likely become the most important element in the regional security environment

in the days to come. A look at history shows that in the absence of a common enemy it is easy for major powers that are neighbors to develop tense relations. That is why this viewpoint emphasizes the role of the United States as a balancer that stands one step off to the side. Moreover, another factor behind this report is the fact that although the gap between the United States and Japan in terms of national power has been shrinking, there is a great danger that the current Japan-U.S. security arrangement that institutionalizes the abnormal relationship of protector and dependent nations will continue to the point of collapse. So here we can see a crisis mentality that recognizes that if we simply strive to maintain the status quo, when the bilateral security arrangement is finally dismantled, it could lead to strains in bilateral ties and give birth to a dangerous power vacuum in East Asia.

Michael Lind, Senior Managing Editor of the magazine *THE NEW REPUBLIC*, has further amplified on the argument for abandoning the security arrangement, and his arguments more starkly accentuate the balance of power theory. Lind basically raises questions about the Japan-U.S. security arrangement on the grounds that Japan does not truly qualify as an ally. Lind argues that the United States should adopt policies to keep its distance from both China and Japan, play off China and Japan against each other, and, if one of them becomes too strong, support the weaker one. As part of this strategy, he advocates the withdrawal of U.S. military forces from Japan, substitution of a more flexible Japan-U.S. Security Treaty, and Japan's assumption of its own defense. Lind, like Chalmers Johnson, believes that Japan's exclusionary economic and trade behavior is becoming the norm for Asia, and that this behavior creates impediments to U.S. economic activity in Asia. He therefore contends that the presence of forward-positioned U.S. troops in Japan and other locations in Asia simply serves to promote economic activity on the part of various countries in East Asia. As things now stand, the advocates of both the revisionist and abrogation theories are still relatively few in numbers. Nevertheless, through the areas in which they share views, such as dissatisfaction with Japan's economic/trade and defense policies, we can see that distrust of Japan remains firmly entrenched in the United States. Consequently, if public recognition of what Johnson and Lind have indicated, namely that because of the economic and trade policies of Japan and other East Asian nations that have a mercantilist philosophy, continuance of the status quo serves to impede the economic benefits that the United States by expect to derive from its involvement in the region, we might expect to see support for the revisionist and dissolution views gain strength. Joseph Cronin, a researcher with

the National Defense University, and Professor Ezra Vogel of Harvard University have raised doubts as to whether the United States will continue to support an alliance with Japan. These arguments take the following forms. (1) They question whether the Japanese and American peoples will continue to support defense ties despite trade friction. (2) They question whether Japan will retain faith in its ties with the United States if U.S. opinion leaders take Japan-U.S. security ties lightly and call for their use as a "card" in trade negotiations. (3) They question whether the U.S. people will continue to support the alliance should Japan hesitate when it comes to market opening measures and the dispatch of troops to dangerous areas. In addition, it goes without saying that the way in which Japan responds to a crisis on the Korean Peninsula or in the Taiwan Strait would have a tremendous impact on the future direction of the Japan-U.S. security arrangement. The special characteristics of the debate in the United States concerning the Japan-U.S. security arrangement, regardless of whether the position being taken is that of preserving the present situation, reviewing the arrangement or dissolving it, all start from the reality in post-Cold War East Asia, and take into account the fact that China's power is sure to increase in the future, and the debate is addressing the questions of what is the ideal form for Japan-U.S. relations, and what Japan can expect within such a relationship. No matter what the alliance, it is simply impossible to overlook changes in the environment and expect the status quo to continue forever. From the standpoint of Japan's security, it is important that the United States not withdraw from the region for a considerable time to come. In order to continue to support the post-Cold War "alliance without enemies" of the Japan-U.S. security arrangement for a long time to come, it is vital that both sides achieve a balance in terms of benefits and costs, and that they make conscious and continuous efforts to readjust the arrangement to make it more reciprocal and goal-oriented.¹

Japan: Military Technology Exchange With U.S. Viewed

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[Unattributed article by Editorial Department; originally titled "Japan-U.S. Defense Equipment, Technology Exchange: Past, Present, and Future"; published in journal's combined June-July issue]

[FBIS Translated Text] According to the "Joint Declaration," the significance of the Japan-U.S. security arrangement has been reaffirmed, and Japan and the United States are now seeking to establish a new part-

nership. Amidst this trend, in this article we take a look at something absolutely essential to the relationship, namely bilateral exchange when it comes to defense equipment and technology, looking back at its course to date as well as considering the prospects for it in the future.

Introduction

When it comes to alliances among sovereign states, such ties can take numerous forms, and one of the most advanced forms is when true mutual exchange of equipment and technology occurs. Other ways that allies can cooperate include the exchange of strategic intelligence, research into joint combat plans, and conducting joint training. However, when it comes to technology exchange, not only must the implications of the provision of defense-related technologies vital to the existence of the State be considered, but also factors related to economic advantages and disadvantages, and such exchanges cannot take place unless close ties of trust exist between the two nations. Exchanges between Japan and the United States in the field of defense equipment and technology after considerable zigging and zagging over the years have reached the point where the two nations have been able to engage in the joint development of a fighter plane. Still it might prove instructive from our present vantage point to look back and see how things developed up until now, reconfirm how things are exactly now, and take a peek into the future.

1. Infant Stage (1950's to early 1960's)

In September 1951 the original Japan-U.S. Security Treaty was signed. A year and a half later a bilateral mutual defense assistance agreement was signed. This assistance agreement (Treaty No. 6 of 1954) became the basis for all the conditions related to bilateral exchanges involving defense equipment and technology. From Japan's point of view, items received under the MAP (Military Assistance Program), FMS (Foreign Military Sales) imports, licensed production, technology introduction, etc., have all been conducted based on this treaty. Furthermore, if the United States were to receive Japanese weapons technology, the arrangement would be based on this treaty.

Outline of Japan-U.S. Mutual Defense Assistance Agreement

(1) Contents of Assistance: The Japanese and U.S. governments agree that following their agreement on specific categories, equipment, materials, services, or other assistance provided by one party can be made use of by the other party. (2) Prohibition of Use Other than for Objectives: This assistance may not be used by one party without the prior agreement of the other

party for purposes other than those purposes explicitly for the promotion of peace and security, etc. (3) Banning of Rights Transfer: Each of the governments concerned shall not without prior permission from the other government transfer title to or possession of the equipment, etc. that it has received to a third country, etc. (4) Measures to Preserve Secrecy: Both governments shall take measures to preserve security when it comes to materials, etc. received on a secret basis. The section above gives a simplified outline of the contents of this treaty. As you can see, it establishes the various categories for which Japan-U.S. equipment and technology exchanges can take place, and so on. (There were items within the text of the treaty that seem to reflect the huge economic disparity between the two nations at the time the treaty was signed, but they have been omitted.) With this treaty as the foundation, from the mid-1950's to the beginning of the latter half of the 1960's, the United States provided the Self-Defense Forces (SDF) with a large volume of MAP equipment. (It should be noted here that back in the late 1940s during the era of the National Police Reserve Force, a great amount of equipment had been received from the United States, but these transactions had not been handled under the treaty in question. Also, under the terms of the Japan-U.S. Ship Loan Agreement, patrol craft had been procured for the then Maritime Guard Force.) The principal MAP equipment procured under the treaty were: approximately 1,200 tanks, 4,600 artillery pieces, 160 warships (approximately 52,000 tons), and 1,100 aircraft.

If we bear in mind that these transfers took place in the years immediately following the founding of the SDF in 1954, at a time when the United States enjoyed overwhelming superiority compared to Japan in terms of industrial strength and technological strength, we might say that this was a necessary way of doing things. These MAP procurements were handled on a gratis transfer basis. (Actually, the arrangement provided that if after Japan had finished using the equipment, the United States requested its return, then Japan was obligated to return it). And these transfers greatly helped the SDF build up its equipment stores during the time when it was just building itself up as an institution. (The total amount of money involved remains unclear, but it is said that if the payments are calculated in prevalent exchange rates of the time, they would have come to the 600 billion yen level, which would come to a huge sum if converted into today's values.) Then during the early 1960s, Japan became responsible for the capital requirements for roughly one-half of the expenditures for F-86 jet fighters, Nike and Hawk ground-to-air guided missiles, and other weapons.

2. The Growth Period (Latter Half of 1960's to the 1970's)

If, when it comes to the question of Japan-U.S. exchange for equipment and technology, we characterize the mid-1950's to mid-1960's as the era of MAP supplies, then the mid-1960's to mid-1970's can be referred to as the era of licensed production. In the United States existing law was amended in 1963 to stop gratis assistance to developed countries. So after that, MAP deliveries of equipment to Japan ceased, with the exception of what had already been promised. In its place appeared a new mode of transfer, namely licensed production-type transfers. Under this system, Japan received production technologies from the United States and then within Japan produced the same types of equipment as the United States was using. The following were the greatest benefits that Japan derived from this system: (1) it was able to introduce superior U.S. equipment, (2) it could expect to greatly upgrade its defense technologies, and (3) it was able to guarantee a certain degree of employment for its own defense industry. This licensed production was in principle to be done on a compensation basis, and from the time of the system began with F-86 production in 1955 until now, based on basic agreements between the two governments, licensed production approval has been granted for over 20 items. These items span the gamut of SDF equipment sectors. It seems fair to say that they have produced great results when it comes to raising the quality standards of Japanese equipment to international levels. This licensed production system from the mid-1970s became the core equipment procurement system for the SDF. It reached one peak from 1976 to 1978 during which time the major P-3C and F-15 domestic production projects were launched. Among U.S. allies, Japan has been the most active when it comes to the licensed production of U.S. equipment. For example, when it came to the introduction of the F-4E fighter, at that time West Germany opted for direct import from the United States as the form of procurement.

3. The Mature Period (Since 1980's)

(1) Japan's Increased Economic and Technological Power

The early 1980's proved a major turning point, and the premises that had been taken for granted when it came to Japan-U.S. defense technology ties until that point underwent a number of changes. We can identify the following as the most important of these changes: (a) With spectacular growth in Japan's economic and industrial power, Japan began to be viewed as an international threat to the United States within certain sectors. (b) The military threat from the Soviet Union grew larger, caus-

ing the United States to evince great interest in Japan's defense efforts, and to especially note the degree of efficiency in terms of equipment for the SDF. (c) As a result of the fact that due to its own domestic R&D efforts concerning equipment, development resulting from stored up experience from licensed production technologies received from the United States and general development of civilian technologies, in certain sectors Japanese defense technologies had achieved world-class standards, bilateral technological exchanges that had up until then been almost entirely a one-way flow from the United States to Japan entered into a new stage. But before getting into this point, we should first touch briefly upon developments in Japan's own defense technologies.

(2) Improvements in Japan's R&D

Since the launching of the SDF, great efforts have been made in regards to R&D. The first fruits of these efforts appeared in the period from the mid-1950s to the mid-1970's in the form of the domestic development of a series of airplanes, including the T-1 trainer, the PS-1 anti-submarine hydroplane, the T-2 supersonic advanced trainer, the modified FS-T2 (F-1) support fighter, and the C-1 transport. In connection with the T-1 in particular, we were able to apply domestic production technologies, including those for jet engine parts. Furthermore, about the same time Japan developed and began producing the Type-61 tank, and after that established the technological base for the domestic production of Type-74 and Type-90 tanks. This was a reflection of Japan's development of its technological prowess during the postwar period. At the same time, a major factor was undoubtedly the application of State capabilities that had build up before the war by the old Imperial Army, including that of the educational background of the technicians. However, when it came to the technological level, objectively speaking there were areas where Japan still needed to catch up with the United States and Europe, and it was generally felt that the areas where Japan showed progressive ingenuity were severely circumscribed. Later, during the period beginning in the mid-1970's Japan achieved greater progress for domestic development in a number of sectors, including combat vehicles, radar, and electronic equipment (in this sector when it comes to technological characteristics, Japan will hardly release them to foreign countries, including the United States). At that point, Japan's electronics technologies, which had already begun to attract attention in the international civilian market, began to be actively applied to defense equipment. Japan's equipment technologies, when viewed overall, had already been able to achieve international levels. We should make special mention in this regard of the dynamic efforts to develop various types of missiles. Be-

ginning with the ASM-1 air-to-ship guided missile, development of which commenced in 1973, various short-range surface-to-air (SAM) missiles and portable SAM surface-to-air missiles were produced domestically. The ASM-1 served as the basis for the development of a "family" of missiles, with those results later serving as the foundation for the development of the SSM-1 ground-to-ship guided missile and the SSM-1B ship-to-ship guided missile. The heart of these missile technologies was the seeker section (which uses radar and imaging to detect targets and has a function for controlling the direction of propulsion). This is a unit that incorporates advanced electronic technologies, including those related to computers, and the results of the series of development projects goes to show the level attained in the growth of Japan's defense technologies. In addition, from about 1986 positive efforts were made for domestic development of air-to-air missiles that responded to sophisticated demands when it came to miniaturization technologies, weight and volume reduction technologies, guidance technologies, and other technologies.

(3) Agreement for Provision of Japanese Weapons Technologies to United States

Reflecting these conditions, and in response to the fact that the United States had been providing Japan with weapons technologies without reciprocity, the feeling that this situation constituted a problem began to grow in the United States. That in turn created a situation where the U.S. Government began making requests to the Japanese Government for the provision of weapons technologies. As you know, Japan has the "Three Principles on Arms Export" that completely prevent the provision of weapons or weapons-related technologies to foreign countries. Consequently, the bilateral negotiations on this issue faced some rough sailing, but eventually a *modus operandi* was worked out whereby from the standpoint of making sure that the Japan-U.S. security arrangement operates more efficiently, Japan agreed to make an exception and authorize the provision of weapons technologies solely to the United States. As a result, in 1983 the "Exchange Memorandum on the Transference of Arms Technologies to the United States" was signed by the two parties. According to this agreement, in the case of such a request from the United States, after the necessary procedures have been completed, the road was now open for the provision of Japanese defense technologies to the United States. Up until this point, based on this exchange memorandum various technologies have been provided to the United States, including some related to the portable SAM, shipbuilding technologies, and technologies related to the FS-X. In regards to these technology transfers, the two parties have agreed: (1) they will not be used for

purposes contradicting the U.N. Charter, (2) they will not be used for purposes other than the purposes for which they are being provided, and (3) they will not be transferred to a third party without the agreement of the Japanese government.

(4) Present State of Japan-U.S. Defense Technology Cooperation

Until now, we have been taking a quick overview of the course of Japan-U.S. defense equipment and technology exchange from immediately after the end of World War II up until now. Here, we would like to touch on the present characteristics of the respective defense technologies of the two countries, and so on. Throughout the postwar period the United States has consistently enjoyed superiority in most weapons technology sectors, including strategic weapons. Things have not fundamentally changed in this regard today with the Cold War's end. Nevertheless, it should be pointed out that the United States is not in the position any longer simultaneously to show overwhelming superiority in a wide range of defense areas. Even in the past it was noted that Russia had outdistanced the United States when it came to certain aeronautical technologies, rocket technologies, and so on. Observers also have concluded that there are certain areas of equipment technologies in which the United States cannot match West European nations. Since the demise of the Soviet Union in 1991, the world situation has been what is characterized as a "Pax Americana," since the United States is in a position where it can more or less function as a hegemon, enjoys an incomparable superiority when it comes to the production of weapons, and continues to be the front runner at the level of technology. Moreover, we can say that it is not normal for one nation to be able to establish such preeminent strength in weapons technologies, and that it was only because of the overall base provided by the strength of civilian technologies that it was in the position to establish such a position in the first place. We have the expressions "spin-on" (civilian technologies being used to produce weapons) and "spin-off" (national defense technologies being used for civilian products). When we speak of "weapons," however, we are not referring only to the establishment of "ideas," since there is no distinction between them and industrial goods when it comes to wanting inexpensive output with few defects. Rather, based on the premise that national resources are inevitably limited, and that in the final analysis weapons will have to be used under severe environments on the battlefield, conditions surrounding the development of high quality weapons with an attractive quality-to-cost relationship are more severe than those for civilian products. Spectacular improvements have been made since World War

II for weapons technologies, in such areas as strategic weapons, combat vehicles, warships, aircraft, and various other areas. These advances have largely been made possible by progress in electronic technologies in such areas as sensor technologies, computer guidance technologies, and such. Consequently, in that sense it is perfectly understandable that since the United States in the postwar period should long have enjoyed absolute superiority in these very sectors, it should also have led the world when it comes to the weapons technology sector. Nevertheless, from the beginning of the 1980s, as a result of factors like the hollowing out of industry in the United States, gradually it has become more and more difficult to rely solely on domestic sources for the parts and components needed for high-tech weapons. Of course, the U.S. military has acquired a wealth of know-how based on actual combat experience and at present still retains a capability to design weapons systems that no other country can match. Nevertheless, we cannot deny the present trend towards the overwhelming U.S. superiority in this respect being shaken. On the other hand, when it comes to the case of Japan, as noted earlier, from around 1980 this country has begun to develop defense technologies in certain sectors. Nevertheless, these advantages have largely derived from its reliance on civilian technologies. A few examples in this regard are described below. (a) Japanese televisions and cameras have won the lion's share of world markets. The charge coupled device (CCD) technology principles that serve as their base can also be applied as is to missile seeker technologies. (b) Nearly all of the liquid crystal display units widely used in personal computers and other electronics are now made in Japan. Such highly efficient, space-saving display devices are also very effective for use in aircraft, including military aircraft. (c) Various composite materials have been developed in Japan to meet the needs of customers for golf clubs, fishing rods, and such, and the number of cases in which they are proving perfect main materials for equipment that needs to be lighter yet able to stand up to rigorous demands, for which demand is on the rise. Nevertheless, even though when judged in terms of technological specifications there are some Japanese produced military equipment that is superior in quality, because of limitations on the amount of know-how that we have been able to acquire from actual use, it is objectively correct to conclude that we still face problems when it comes to things like systems integration technologies, aircraft engine technologies, firearms and ordnance technologies, and so on.

(5) Problems with Japan-U.S. Joint Development of FS-X

I am sure that memories of how around 1989 the question of development of the FS-X (next generation support fighter, now officially known as the F-2) became a great point of contention between Japan and the United States are still fresh in the minds of our readers. Since this was the most important single event in the 40-year history of Japan-U.S. defense equipment exchange, let us briefly review the situation at that time. It seems fair to conclude that the crux of the affair was that efforts on the part of Japan to upgrade its aeronautical technologies heightened a sense of danger in the United States. The general background to this situation were the factors previously discussed, but here let us summarize some of the most important aspects. (1) This was the time when the Soviet military threat had elicited the greatest amount of concern among the Western countries. Therefore, the United States was paying a great deal of attention to Japan's defense efforts. (2) The equipment in question was a jet combat aircraft, the type of high-tech product in which the essence of a nation's industrial strength is encapsulated, so it therefore attracted a great deal of public attention in both countries. (3) In the United States there were fears that this project would allow Japan's aerospace industry to establish a huge presence in international markets, as had already happened with its electronics and motor vehicle industries. (4) The problem of how to rectify the massive Japan-U.S. trade imbalance was a major issue at that time. After various vicissitudes, the FS-X problem was resolved through an agreement whereby the U.S. F-16 fighter would serve as the base and joint Japan-U.S. development would take place to modify it appropriately. This arrangement opened a new chapter in Japan-U.S. defense ties. In other words, the two nations agreed to share knowledge from sectors in which the United States enjoyed superiority (such as fuselage technologies and engine technologies) and those where Japan enjoyed superiority (such as electronics and materials technologies). Both sides would thus cooperate to develop an aircraft suited to Japan's geography and special national conditions. Not only was this the first instance of such close cooperation between Japan and the United States, but there had never been such an instance of such true joint development between the United States and any of the NATO members. The merits that this arrangement offered Japan included the fact that it was able to acquire superior U.S. aircraft design technology, whereas in past cases of licensed production it had only been able to acquire production technologies. At the same time, the United States was able to acquire front-line Japanese technologies, while also maintaining employment for its aircraft industry. In addition, the project involved many aspects in which cultural differences were encountered during the development process, and the ef-

forts to overcome them served to build up ties of mutual trust among the individuals involved from both countries. It was therefore also significant because of the promise it offered for forging more intimate Japan-U.S. ties in the future. The Defense Agency plans to begin large-scale production of the FS-X from this fiscal year. Hopefully, when the two sides sit down for the negotiations on general production, the cooperative relations that have been developed up to this point will serve to facilitate the progress of the talks.

(6) Current Technology Exchange Picture

Since the start of joint development of the FS-X, Japan and the United States have agreed to conduct joint basic research in appropriate areas where their respective technological strengths can mutually reinforce their efforts. Between 1990 and now, six projects have been identified for such joint research or for the possibilities to be investigated, including ducted rocket engine technologies (highly fuel-efficient propulsion devices for missiles). When it comes to new directions taken in recent years, we have the TFT (Technology for Technology) Concept proposed by the U.S. side in 1993. (Since the chief promoter of this concept was then Assistant Secretary of Defense William Perry, it has come to be known after him as the "Perry Initiative.") This concept stems from the situation in which the United States is generally ahead when it comes to defense systems technologies, while Japan is superior when it comes to applied civilian technologies. The aim therefore is to strengthen mutual exchange, and Japan has already given approval to the basic idea. It should be noted, however, that many problems will have to be faced in converting civilian technologies into weapons technologies, so that Japan's general-use technologies can be adjusted to match the equipment specifications of the U.S. military. Consequently, as of yet this concept has not yielded any concrete results.

Future Outlook

Recently the level of annual equipment procurement by the Defense Agency has been close to two trillion yen. Direct imports from the United States account for roughly one-tenth of this total. Although no accurate statistics are available, it would appear that more than 50 percent of the remainder, that is domestically produced equipment, are normally items being produced on a long-term basis under license from the United States. In that sense, the SDF remains dependent to a large degree on U.S. technologies. Be that as it may, even when it comes to licensed production, which traditionally has been Japan's main source for defense equipment, we should note the following factors. (1) Within the United States, especially the Congress, there is growing op-

position to providing Japan with technology. (2) The recent rise in the yen's value has created a problem because of an overall decrease in cost effectiveness, raising demands for a policy to deal with this dilemma. Nevertheless, there are also cost effectiveness problems related to any attempt to achieve across-the-board nationalization of these production efforts. In fact, conversely, if things were only judged in terms of economic effectiveness, it would make most sense to rely heavily on imported equipment, a policy which would be unviable from the defense standpoint. This, therefore, the dilemma that Japan's defense planners face. On the other hand, in the Cold War's wake the United States is faced with new circumstances, what with cuts in defense spending, overall rising trends when it comes to weapons development costs, the end of its monopoly on certain advanced weapons, and so on. So it is now finding it difficult to pursue a policy of having all of its weapons U.S.-made, and thus has begun to move towards true joint development and joint production of equipment together with West European countries. Considering these various factors affecting both Japan and the United States, as carte blanche choices, it would seem appropriate for us to consider the adoption of a vigorous policy of Japan-U.S. joint development following up on the FS-X project that would efficiently blend the technological specialties of the two nations. (It should be noted that from about twenty years ago the West European countries have gone in for quite a bit of joint development when it comes to aircraft and other very expensive equipment). However, in that case if in order to reduce expenditures both countries divided responsibility for items with joint specifications, and adopted joint development and production methods, we would have to study the question of whether or not these actions are coming into conflict with the Three Principles on Arms Export. Above we have taken a summary look at problems related to Japan-U.S. defense equipment and technology exchange. In many ways, today might be considered a kind of turning point. We might conclude that it is truly significant that at such a time, in November of last year we had the first revised National Defense Program Outline in around twenty years, a document which clearly called for "achievement of broad mutual exchange (between Japan and the United States) in the fields of equipment and technology." Furthermore, in April of this year Prime Minister Ryutaro Hashimoto and President Bill Clinton agreed to the Japan-U.S. Joint Security Declaration, which also clearly affirmed the same sentiment. As to the concrete form that this cooperation should take, the two sides will have to study this question in the future. When it comes to the future direction the two countries will take, however, they must strive to work out a new bilateral agreement. This

article has sought simply to outline the options available (assuming that the current defense arrangement is to be continued). In other words, if in the future when it comes to SDF equipment, production licensed by the United States and other such effective methods are to be continued, then it would seem that study of the following methods would be most worthwhile. I. Large-scale joint Japan-U.S. research conducted under joint technology objectives for critical equipment systems (This approach is premised on the assumption that problems met at the development and mass production stages will be worked out through separate investigations conducted by each of the countries based on this results of this joint research). II. When it comes to research and development for equipment to be used solely by the SDF, U.S. design technologies will be used on a large-scale in return for providing the United States with civilian technologies. (FS-X type model modifications)

Japan: DA To Purchase LRX Models From U.S. Raytheon Aircraft

OW1108105096 Tokyo NIHON KEIZAI SHIMBUN in Japanese 10 Aug 96 Morning Edition p 9

[FBIS Translated Text] The Defense Agency (DA) will purchase small twin-engine aircraft "Beach King Air 350" of Raytheon Aircraft Co. of the United States, which is set to be introduced into the Ground Self-Defense Forces (GSDF) as the next-generation liaison-reconnaissance aircraft (LRX) beginning in fiscal 1997. The aircraft is to replace the GSDF's existing "LR-1" liaison-reconnaissance aircraft. A final decision on the purchase will be made next week at a meeting on selecting the type of aircraft. This will be the first case where new standards for selecting aircraft types — which were worked out after the suspicion concerning the selection of the next-generation multifunction support aircraft (UX) was discussed at the Diet in 1994 — will be applied.

The "Beach King Air 350" is an 8-12 seat twin-engine turboprop with an overall length of 14.2 meters and a wingspan of 17.7 meters. Itochu Corporation is the sales agent for the aircraft. The DA plans to procure about six aircraft under the Mid-Term Defense Buildup Program through fiscal 2000. As the GSDF currently possesses 16 LR-1 aircraft, it is expected to procure about the same number of "Beach King Air 350" aircraft in the end.

The meeting on selecting the aircraft type will be held in line with the new selection standards, which were set up in consideration of the past selection of UX aircraft — there was criticism that the type of UX aircraft may have been decided on from the beginning. The meeting, to be chaired by the DA administrative vice minister, will

be comprised of the Joint Staff Council chairman and other senior DA officials. Although aircraft types were selected in the past with the Ground Staff Office, the Maritime Staff Office, and the Air Staff Office playing the leading role, the upcoming meeting is intended to increase the transparency in the process of selecting aircraft types by hearing opinions from DA officials and, if necessary, prominent citizens on the outside.

In addition to the Raytheon aircraft, planes from the U.S. Piper Co. and the Italian Piaggio Co. were considered to be likely models for LRX selection at the beginning. However, because these two companies, unlike Raytheon, have plunged into a financial crisis, they dropped out of the competition before the selection started.

Japan: FTC Closely Studies Competition in Photo Film Market

OW0908113296 Tokyo NIHON KEIZAI SHIMBUN in Japanese 8 Aug 96 Morning Edition p 11

[FBIS Translated Text] The Ministry of International Trade and Industry (MITI) is not surprised that Eastman Kodak Co. of the United States filed a demand for reform with the Fair Trade Commission (FTC). The FTC did not refuse the demand and plans to analyze the data submitted and study whether to take up the case. Bilateral talks have already begun under the auspices of the World Trade Organization (WTO) concerning the closed nature of the Japanese photo film market. However, the Japanese Government contends that "the market is not closed" and intends to counter the U.S. claim in both the WTO and the FTC.

For some time MITI has argued, "This is not a matter of industrial policy, but a matter of whether the competitive policy violates antitrust laws, hence, Kodak should make its appeal to the FTC." Therefore, "in light of Japan's claim," (the International Trade Policy Bureau) will abide by the decision reached by the FTC regarding Kodak's demand.

Furthermore, regarding the bilateral talks held at the WTO, after July's first round of talks, if there are demands from the United States for a second round of talks and the setting up of a dispute panel (subcommittee), MITI wants to cooperate in deciding which country is right.

The FTC is refraining from commenting on the Kodak complaint, but for the sake of general argument (the Investigation Department) states, "we must carefully study whether to investigate this as a violation of the antitrust law."

The FTC has already begun an independent survey of the oligopolistic Japanese photo film market, and irrespective of Kodak's complaint, it plans to release within the year results of a survey to determine whether anticompetitive acts have occurred in the film market.

Tokyo To Appeal WTO Panel's Ruling Against 'Shochu' Tax

OW0908084996 Tokyo KYODO in English
0520 GMT 9 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 9 KYODO - Japan on Friday took measures to appeal a decision by a World Trade Organization (WTO) panel that ruled Japan's liquor tax system is distorted against whiskey and other distilled spirits, government officials said.

On July 11, the WTO's dispute settlement panel submitted to WTO member governments a report that said Japan's tax system violates WTO rules by imposing lower tax rates on domestically produced "shochu" distilled liquor than on foreign and Japanese produced whiskey.

After examining the contents of the report, the government took procedures for appealing the case to a higher dispute settlement panel of the Geneva-based world trade watchdog, the officials said.

The appellate panel will hand down a decision on whether to uphold the report of the panel within 60 days from the date Japan made the appeal.

The report urged Japan to take measures to close the gap between taxes on shochu and on whiskey and other distilled liquor products.

It said the liquor tax system impinged upon a provision in the 1994 General Agreement on Tariffs and Trade accord, which are part of WTO rules. The provision calls for both domestic and imported products to be treated equally in taxation.

The panel report came in response to a complaint from the European Union (EU), the United States and Canada that Japan's liquor tax gap hinders their exports of whiskey and other distilled spirits.

The Japanese Government appealed the panel's decision on a belief its interpretation of WTO rules contains defects, they said.

An official at the Finance Ministry's Tax Bureau declined at present to divulge the reasons for the appeal.

"We are now compiling a report on our positions (to be submitted to the WTO), so we cannot elaborate," the official said.

Tokyo Plans To Dispute Brazil's Auto Tariff Policy at WTO

OW1208124296 Tokyo KYODO in English
1203 GMT 12 Aug 96

[FBIS Transcribed Text] Geneva, Aug. 12 KYODO — Japan and Brazil will discuss on Tuesday the propriety of Brazil's automobile tariff and investment policy in accordance with dispute settlement procedures of the World Trade Organization (WTO), sources close to the trade talks said Monday.

Japan lodged a complaint against Brazil with the Geneva-based world trade referee last July 30 and sought bilateral talks at the venue on the subject.

Brazil jacked up tariffs on imported motor vehicles to 70 percent on the grounds that such imports are exacerbating its trade deficits.

However, it exempted from the high tariff those foreign automakers whose locally assembled vehicles provide a local content ratio of more than 60 percent and which are exporting assembled vehicles from their Brazilian plants.

Japanese carmakers took a serious hammering from the policy because few of them are producing vehicles in Brazil, they said.

The Japanese Government demanded a change in the policy, and its trade negotiators held talks with the Brazilian Government in June and July.

The talks went nowhere, though, thereby motivating Japan to invoke the WTO dispute settlement procedures.

Japan: Hashimoto on Election, Use of Arms for UN Peacekeeping

OW0908084896 Tokyo KYODO in English
0801 GMT 9 Aug 96

[FBIS Transcribed Text] Nagasaki, Aug. 9 KYODO — Prime Minister Ryutaro Hashimoto reiterated Friday that he is not thinking of calling a general election in the near future.

"For the time being, it's not under consideration," Hashimoto told a press conference in Nagasaki, where he attended events marking the 51st anniversary of the World War II atomic bombing of the city.

Hashimoto added he is "not even thinking about" what parties might hold power after the next House of Representatives election.

Entering the debate over a possible easing of the terms under which Japan's peacekeeping personnel can be

permitted to use weapons while participating in U.N.-sponsored overseas peacekeeping operations, the prime minister said, "It is an important issue."

He said the Japanese participants "have had a heavy psychological burden" to bear under the present law covering the terms and conditions for Japanese personnel participating in U.N. peacekeeping operations, which puts the onus on the individual to choose when to use a weapon.

Hashimoto indicated that he wants to give thought to clarifying the terms under which weapons may be used by easing, within the limits of the constitution, a requirement that a cease-fire agreement be in place between warring sides before Japan's peacekeeping personnel can even offer material cooperation.

Both the Foreign Ministry and the Defense Agency favor revising the law to allow for the use of weapons if so ordered by superiors, but because of constitutional considerations, they have not gained the agreement of the cabinet legislation bureau.

The bureau is responsible for screening and reviewing the nation's laws.

Japan: Kajiyama Apologizes to ROK for 'Fake Refugees' Remark

OW0908082196 Tokyo KYODO in English
0543 GMT 9 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 9 KYODO — Chief Cabinet Secretary Seiroku Kajiyama apologized Friday to South Korea for saying an emergency on the Korean Peninsula could bring armed "fake refugees" to Japan and street-fighting in Japan between rival Korean factions.

Kajiyama said he made an apology over the telephone to South Korean Ambassador to Japan Kim Tae-chi. He said he told Kim, "I'm sorry to have troubled you. The remarks were improper as comments by the chief cabinet secretary."

On Thursday, Kajiyama said in a speech to a business group that if an armed conflict breaks out on the Korean Peninsula, Japan will surely be affected with, for example, a flood of refugees, including camouflaged ones who may be supplied with arms.

Kajiyama also suggested pro-Seoul and pro-Pyongyang forces in Japan may engage in street-fighting which Japan's Self Defense Force has no capability to cope with.

Kajiyama's remarks were protested Friday by the South Korean Foreign Ministry.

"We can't but express shock and deep regrets about such remarks that were not friendly to national unification of the Korean Peninsula," a Foreign Ministry spokesman said.

The remarks could create an atmosphere in which Japanese people become suspicious and watchful of Korean residents in Japan, who are abiding there lawfully and making positive contributions to Japanese society, he said.

The South Korean government urges Japanese leaders to take the controversy created by Kajiyama's remarks as an opportunity to strive to establish truly "future-oriented" relations between Seoul and Tokyo, based on correct perception of what happened in the past and a bilateral friendly spirit, the spokesman said.

The ruling New Korea Party (NKP) also criticized Kajiyama for the remarks.

"A chief cabinet secretary, who is Japan's official government spokesman, should be able to think in a responsible manner and possess sound judgment and courtesy in making remarks on a neighboring country," an NKP spokesman said in a statement.

Tokyo, Seoul Hold Working-Level Fisheries Talks

OW0908135896 Tokyo KYODO in English
1301 GMT 9 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 9 KYODO — Japan and South Korea ended their second round of working-level fishery talks Friday, briefing each other on their basic positions ahead of the start of full-scale negotiations toward a new bilateral fishery agreement, delegates said.

Japan urged South Korea to tighten controls on fishing boats operating off Japanese shores in violation of agreed rules, and sought an early conclusion of the accord, the delegates told reporters.

South Korea made several demands, among them that present fishing hauls should be respected in the new pact, they said.

Japan wants to conclude the pact by the end of the year, but South Korea apparently is in no hurry because related negotiations are under way, such as with Japan on demarcation of a 200-nautical mile exclusive economic zone and with China on a fishery agreement, they said.

Japan: Negotiations Planned With ROK, PRC on Fishing Rights

OW1008140296 Tokyo ASAHI SHIMBUN
in Japanese 9 Aug 96 Morning Edition p 2

[FBIS Translated Text] Following effectuation of the United Nations Convention on the Law of the Sea in Japan in July, the government intends to promote negotiations with South Korea, China, and other nations, starting this month, to draft (200 nautical-mile) Exclusive Economic Zones (EEZ) covering the right of management of fishing resources, and to conclude new fishery agreements. Japan will begin negotiations with South Korea and China with which the territorial disputes over Takeshima Island (Toku-to in Korean) and the Senkaku Islands, respectively, have been left unsettled. Although the government has agreed with the ROK to shelve the territorial issue, it certainly seems difficult for the two nations to avoid tabling the issue throughout talks. On the issue of the Senkaku islands, Taiwan has been nervous about fishing rights in the islands, so negotiations with China are also likely to face rough going.

The second session of the negotiations with the ROK were to start in Seoul on 8 August. Meanwhile, it has been decided that the first session of negotiations on drawing the EEZ will be held in Tokyo on 13 August. Saying "they are separate talks" (according to a senior Foreign Ministry official), the government plans to promote the fishery talks to prevent Korean fishermen's reckless fishing, which is under fire from Japanese fishery organizations.

However, reaching an agreement on an allowable catch requires drawing up the EEZ. As talks on the EEZ begin to take on a serious air, the issue of territory, which is the starting point of the EEZ will surface.

It has been decided to hold talks with China in Beijing on 28-29 August. But it has not been promised that full-fledged talks on the EEZ will begin. Unlike talks with the ROK, there is no agreement on shelving the territorial issue for the time being, and therefore, the fate of the talks is uncertain.

In addition, what is bothering the Japanese Government is the fact that a fishery problem between Japan and Taiwan has come to the surface. Japan-Taiwan fishery relations became tense when Taiwanese fishery organizations — which "are concerned about further fishing near the Senkaku Islands after Japan's establishment of the EEZ and enacting domestic laws in the future" (a senior Foreign Ministry official) — planned to take protest action when a Japanese political organization built a "lighthouse" on a Senkaku island in July.

To deal with the situation, Japan recently sent officials from the Fishery Agency to explain the present state of Japan's efforts to set up the EEZ and enact domestic laws. Although the Taiwanese side has announced that an agreement was reached with Japan to conclude a private sector-level fishery agreement, the Japanese side says: "Taiwan has just gained a better understanding of Japan's position. What we have agreed upon was that we will continue to talk" (according to a senior Foreign Ministry official).

Japan: Defense Academy Professor on PRC Navy Strategy

OW0908094496 Tokyo SEKAI NO KANSEN
in Japanese Aug 96 pp 82-85

[Article by Yoichi Hirana, professor, National Defense Academy. Originally titled "Is China Aiming To Be Ruler of South China Sea?" English subtitle "Maritime Strategy of the Chinese Navy."]

[FBIS Translated Text] Few people have an image of China as a maritime nation. Certainly, ground warfare determined the fate of successive Chinese dynasties.

Fighting on the water took place mainly on rivers, not the sea. However, as the Chinese phrase "southern ships and northern horses (constant traveling)" indicates, the Chinese put a compass to practical use in the fourth century and advanced to the South China, Celebes, Banda, and Andaman seas by the end of the seventh century, or before the Arabians arrived in the Orient, forming Chinese towns in various parts. In 1405 in the Ming Dynasty, a 62-ship fleet (with 27,800 aboard) led by Zheng He went to Java, Palembang, Malacca, Ceylon, and Calicut of India. Later, he made seven major voyages to Ceylon, Vietnam, Burma, Malay, Java, and further to Africa and the Persian Gulf, crossing the Indian Ocean, until 1433 and had more than 30 countries send emissaries to China. It was half a century before the start of the so-called age of exploration by Dias and nearly a century before the discovery of the American continent by Columbus.

China is generally considered to be a continental nation, but it once ventured overseas and possessed a powerful navy. This report will discuss if this continental nation China can secure naval supremacy over the South China Sea and if the Chinese Navy will develop into a bluewater navy to establish hegemony in the South China Sea, based on China's national strategy, naval strategy and characteristics of fighting seen in history.

1. Coastal Defense Strategy (subhead)

The military doctrine of the Chinese Navy is, as the name People's Liberation Army indicates, essentially

the extension to the sea of the people's war, i.e. the guerrilla warfare theory. Like the Yung School of the Soviet Union between the two world wars, it is of a defensive nature to defend the nation. The doctrine was decided by a meeting of the navy creating conference held in August 1950 immediately after the creation of the Chinese Navy. Since then, China concentrated on building many small high-speed boats and submarines under this policy until the 1970s. Thus the Chinese Navy remained a coastal defense navy until then.

However, an editorial titled "The Chinese Navy Developing Towards Expanding towards the Open Seas," which appeared in a recent issue of a Chinese navy journal, sharply expands the coastal waters, though based on the same idea strategically, and advocates a multi-layered defense strategy that calls for double and triple defense lines for the Chinese mainland. According to this theory, ground-deployed missiles and high-speed patrol boats with antiship missiles and torpedoes should be in charge of the first defense line within 150 miles from the Chinese shoreline, missile destroyers and escort ships the second defense line within 50-300 miles from the coast and missile submarines and aircraft the outermost third defense line, i.e. inside the line connecting the Tsushima Strait, the Okinawa Islands, and the Nansha Islands. Thus the Chinese Navy's strategy is a continental navy strategy like that of the defunct Soviet Navy. It aims at national defense, not the creation of an attack aircraft carrier task force designed for securing naval supremacy anywhere.

At issue here is the expansion of waters alongside the Chinese mainland that should be defended. A work titled "Strategic Competition Already Moving Toward Outer Space and Oceans," carried by JIEFANGJUN BAO on 2 January 1987, stressed the need of ocean development and strengthened naval power. It said "the oceans are abundant with rich biological resources, mineral resources, scientific resources, and energy resources; the world's ocean development will account for 15-17 percent of the world's total production by the year 2000," "The world will enter the age of the ocean economy from the end of the 20th century to the beginning of the 21st century, and the oceans will become a major subject of the world's military race," and "As China has a huge population and a few resources per capita, whether China can meet the challenge of the 21st century depends on whether it can develop new strategic resources and beef up its national and military power."

Rear Admiral Lin Zhiye of the Dalian Naval Vessels Academy divides China's naval power buildup period into two stages—the first from the present to the year 2000 and the second from 2000 to 2050. He

says that the first stage should stress medium-range fighter-bombers based on the ground and carrier-borne helicopters and that fighters, early warning planes, reconnaissance planes, electronic jammers, and airborne refueling planes should be developed with a good balance. In the second stage, China should own aircraft carriers, Lin says. WINDOW [name as received], a Chinese weekly in Hong Kong, in July last year and newspapers recently reported that the Chinese Navy will improve the performance of its missiles carried by naval ships and deploy a 20,000-30,000-ton carrier for vertical landing and takeoff planes by 2020. The Navy's position is increasing in the country, with the general commander of the Navy designated as deputy chairman of the Central Military Committee. These indicate that China has an intention of developing its navy into a blue water navy.

2. Oceanic Living Space Concept

What should be noted here is that China entertains an idea very close to that of Hausvoffer's [name as received] living space concept, called Lebensraum, and is improving and operating its navy based on that idea. Lebensraum, according to which "a nation is a living organization and will die unless necessary energy is given" and which "is a nation's justifiable right for growth to put resources necessary for its existence and development under its control," provided the basis of justification for Adolf Hitler's annexation of Poland and Austria. A thesis titled "Seeking Rational Three-Dimensional Strategic National Borders," written by a man called Xu Guangyou, appeared in the 3 April 1987 issue of JIEFANGJUN BAO. Its excerpts follow:

"Strategic national borders are the living space for the nation and its people. It is very important to seek strategic borders to guarantee a nation's safety and development. Strategic national borders change according to changes in total national power, backed by military power. In the past, the Soviet Union and the United States expanded their spheres of influence far beyond their geographic national borders. These three-dimensional spaces—encompassing the land, oceans, outer space, and deep seas—represent the extension of the strategic borders that, as space for safety, living, science and technology, and economic activities, guarantees a nation's security and smooth development. National interests have been extended to the front line of those expanded spheres of influence, which strategically means that national borders have been expanded. China henceforth needs to expand its strategic national borders beyond its geographic borders on the three fronts of oceans, outer space, and the seabed."

The greatest problem in China's history is the expansion of its defense sphere. It is rooted in the China's Great Power mentality, having dominated Asia as a Great Power until the 18th century. This thinking is characteristic of continental nations like Russia, France, and Germany, which incessantly continued to expand their territories from fear of being invaded by other countries.

As China's ground borders are fixed now, it only places Tibet under its control. But when Hua Guofeng took the reins of the government in the wake of the arrest of the Gang of Four, China said regarding the sea, with its unclear borders: "Before the liberation, imperialists invaded us time and again from the sea. We desire to liberate Taiwan, holy territory of the fatherland, and regain the Nansha Islands and other islands but have yet to do so. The hegemonic Soviet Union is frantically promoting its gunship diplomacy and vying desperately for naval hegemony. The ambition of the Soviet revisionists to destroy our country has not vanished. Faced with these conditions, our navy must develop further and become powerful." China has thus strengthened its naval power, devising on 14 October 1986 a basic plan to build "the Chinese Navy of the Year 2000" and showing a new doctrine for the development of the Chinese Navy from a coastal navy to a bluewater navy.

In 1989, Deputy Commander Zhang Xuchu, the number two man of the Chinese Navy, advocated the defense not only of territories but also of marine interests, saying that there are struggles over rule and antirule, and plunder and antiplunder among countries facing the sea that involve their marine interests and the order of the sea, and that the navy's mission was to protect sovereignty and marine interests. Navy Commander Vice Admiral Zhang Lianzhong, in an interview on the 43rd anniversary of the creation of the Chinese Navy, noted the need of sea lane defense, a characteristic of a maritime country. He said the sea is already an advance base of reform and liberation policy and a major route of trade, adding that the navy has the reform and liberation of coastal areas and supported the construction of special economic zones and that the navy's duties are to protect marine interests and good environment on the sea, and defend sea lanes.

In February 1992, China established its law on territorial and adjoining waters of the People's Republic of China. In its Article 2, the country unilaterally declared dominion over the waters around the Chinese mainland and coastal islands; Taiwan and its islands, including Uotsuri Island; the Pescadores; the Pratas Islands; the Paracel Islands; and Spratly Islands. China also declared regulations for the passage of ships through

the waters. Prime Minister Li Peng, at a session of the National People's Congress in March 1993, added marine interests to what should be defended, saying China must strengthen defense of the borders and the coast to protect the national land, sovereignty, and marine interests. China has been thus shown its insatiable desire to obtain marine resources. (However, for fear of disputes with countries concerned, China excluded the Senkaku Islands and the Spratly Islands when it adopted the new Law of the Sea at the Eighth National People's Congress in May 1996.)

Professor Shigeo Hiramatsu of Kyorin University says that MODERN HISTORY OF CHINA, a junior high school textbook published in 1952, carried a map entitled "Chinese Territories Taken by Imperialists in the Old Democratic Era (1840-1919)," which he maintains reflects "China's thinking from ancient days to restore a map of China at the height of its prosperity."

It is thus clear that China is trying to establish hegemony in the South China Sea. However, it will not see a unilateral solution immediately with force because the current Chinese Navy has many problems in terms of troops, economy, and technology; because China needs investment from abroad in order to maintain the present economic growth; and because its tactics are based on Sun Tzu's ART OF WAR explained below. 3. Problems Shown in History

According to the official history of the Chinese Navy, it fought 1,014 times with the Taiwanese and Vietnamese navies from 1949 to 1979 and either sank, destroy or captured 415 ships and downed or damaged 205 planes. The figures are fairly exaggerated, China's traditional practice. What should be noted here is the way the Chinese fought these battles. What attracts attention is their way of fighting that reminds us of the ROMANCE OF THE THREE KINGDOMS, in which emphasis is put on political means, such as deception designed to beat the enemy without fighting, schemes and plots, while keeping a distance with the enemy and repeating skirmishes, to obtain a victory through stratagems called "qiyi."

Qiyi increased in proportion to increasing disadvantages of the Taiwanese forces, and the Taiwanese Navy lost 72 vessels due to qiyi. The gunship Huangan switched sides in February 1949, followed by the cruiser Chongqing, a symbolic ship of the Navy, on 25 February, and the Second Fleet consisting of eight warships and 16 gunships did so on 20 April. Remarkable in sea battles between the Chinese Navy and the Taiwanese Navy are preservation of troops and marine guerrilla warfare called "people's war." Major sea battles occurred in November 1954 off Jiangdao that accompanied a Jiangshandao

landing operation, off Dongshandao in August 1965, and off Dongridao in November 1965. However, the two sides avoided introducing large vessels and what the Taiwanese Navy used in these battles were coastal defense ships of the defunct Imperial Japanese Navy and small ships provided by the United States, while the Chinese Navy used units consisting of torpedo and patrol boats.

What draws attention in a war with a foreign country are propaganda claiming own country's justice and emphasis on the justifiability of the people's war theory. Since the end of World War II, China has been involved in seven wars or conflicts with other countries and occupied the Paracel Islands (Xisha in Chinese) in 1974 while the Vietnam war was under way. China explained the seizure as follows: "As a South Vietnamese destroyer challenged Chinese fishing boats operating around the inherent Chinese territory of the Xisha Islands, claiming they violated the territorial water of South Vietnam, China immediately dispatched two submarine chasers and two mine sweepers for the protection of the fishing boats and militiamen. The Chinese troops reasoned with the Vietnamese for more than 30 hours. But as we came under crazed attacks of the enemy in the end, we counterattacked and sank one escort and destroyed three subchasers, killing 100-odd enemy troops and capturing 49." However, Western reports said China committed state-of-the-art weapons, such as MiG-21 and MiG-23 fighters and Komar missile vessels, and sank only one subchaser.

Upon its occupation of the Spratly Islands (Nansha in Chinese), China said: "We sought Vietnamese withdrawal as the Spratly Islands, discovered by Chinese in the Xihan era before the Christian age and since used by the Chinese, are inherent territory of China. But they not only failed to comply with the demand but attacked us, and we had no choice but to counterattack for self-defense." China also announced that "the Chinese Navy rescued Vietnamese who fell into the water based on humanitarianism and at the same time allowed Vietnamese ships to conduct rescue operations hoisting Red Cross flags." RENMIN RIBAO praised the courage of the PLA Navy sailors, saying they "approached South Vietnamese vessels, displaying their revolutionary spirit, and sank an escort ship with hand grenades." However, the Vietnamese side announced that nine Chinese ships were engaged in the battle and Vietnamese ships were attacked by missile ships and destroyers with 100-millimeter guns.

4. Conclusion

It is difficult to predict the future of the Chinese Navy. China has traditional thinking of "the sea is subordinate

to the ground," and there has not been much thought given to the navy. From the viewpoint of the nation's geographic characteristics, and the characteristics of the government and the people, which Mahan noted as factors that affect sea powers, China seems to have many problems that must be solved before the Chinese Navy becomes a bluewater navy in the future.

The navy is an organization that particularly requires flexible operation. However, China has traditionally been a country controlled by bureaucrats (northern horses), and the current PLA Navy has the dual-command system of Communist Party political commissars and unit commanders. It also has internal problems wherein operation efficiency of the navy (southern ships) as military compatibility and rationalism are ignored, affected by bureaucratic inefficiency, Mao Zedong's people's warfare theory that "even with inferior weapons our forces have had during long-term revolutionary struggles, we can beat an enemy equipped with superior weapons by using natural shields (reefs, islands, clouds, and fog)" and the Communist Party's strong control and guidance colored by ideologies and isms.

There is also a disciplinary problem—revenues from moonlighting, in which the People's Liberation Army has been engaged since its creation in order to save defense spending, are said to be pocketed by the PLA brass due to China's long tradition and national character. The greatest problem in history is that nations that try to build a large army and a large navy are destined to go bankrupt, as evident with the Empire of Japan, the German Empire at the time of World War I, and the Soviet Union, which broke apart recently. Navies of continental nations have historically always been defeated by allied sea powers. There is no need to cite examples of the German Navy during World War I and the Soviet Navy during the Cold War.

How does the continental country of China with an army of 2.2 million, interpret these lessons that history provides? Chinese history shows that the central government has always brought about internal collapse. How long can the privileged political leaders and PLA top brass maintain the reins with support of the people? This seems to hold the key to whether China can establish hegemony in the South China Sea.

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Japan: Hashimoto Congratulates Yeltsin, Hopes for Cooperation

OW0908122996 Tokyo KYODO in English
1124 GMT 9 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 9 KYODO — Prime Minister Ryutaro Hashimoto voiced his strong desire Friday to build a closer cooperative relationship with Boris Yeltsin, who was sworn in as Russian president for a second four-year term earlier in the day, government officials said.

The premier aired the view in his message to Yeltsin, which was sent via the Japanese embassy in Moscow to congratulate Yeltsin on his reelection as Russian leader, the officials said.

Hashimoto also expressed hope that Tokyo and Moscow can improve bilateral ties, including progress in talks on their territorial row, and work together to tackle common tasks, the officials said.

Japan has long demanded the return of four Russian-held islands off its northernmost main island of Hokkaido and the conclusion of a bilateral peace treaty.

The former Soviet Union seized the four islands — Etorofu, Kunashiri, Shikotan and the Habomai group of islets — at the end of World War II.

Japan: Hashimoto Urges Deregulation in Telecom Sector

OW0908114896 Tokyo NIHON KEIZAI SHIMBUN in Japanese 7 Aug 96 Evening Edition p 3

[FBIS Translated Text] On the morning of 7 August, the government's headquarters for the promotion of an advanced information and telecommunication society held a joint meeting of intellectuals and concerned government offices at the Prime Minister's Official Residence. At the meeting, Prime Minister Ryutaro Hashimoto said: "In view of international competition, the government should implement drastic deregulation measures. It also needs to remove fences between government offices." In this way, the prime minister noted the need to promote further deregulation in the information and telecommunication sector and to

remove walls separating ministries and agencies to carry out the deregulation.

Japan: Firms Get Rights To Develop Oil Field in Kazakhstan

OW1208134996 Tokyo KYODO in English
1314 GMT 12 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 12 KYODO — Japan Petroleum Exploration Co. and Sumitomo Corp. said Monday they have obtained part interests in mining an oil field in Kazakhstan.

To take part in developing the field, the two companies earlier established a joint company in Tokyo, Japan Kazakhstan Petroleum Co., with a paid-up capital of 750 million yen, they said.

Japan Petroleum Exploration holds a 66.7 percent stake in the new company and Sumitomo holds the remainder, they said.

The new company has signed with Mobil Oil Tulpar Inc. to purchase 12.5 percent of concessions in the Tulpar mining area, located in northwestern Kazakhstan, near the border with Russia.

Mobil Oil Tulpar holds half of the concessions in the 18,000-square-meter area, they said.

Test drilling will start as early as next year, they said.

The mining area is located near oil and gas fields such as the Tengiz field.

Japan: Inside Story on Cooperation Between Mazda and Ford

962A0076A Tokyo NIKKEI BUSINESS in Japanese
13 May 96 pp 112-116

[Article by Masaaki Saito: "Mazda's Options for Survival in Era of Great Competition Included Teaming Up With Toyota at One Time"]

[FBIS Translated Text] The decision that Mazda will take the path of rehabilitation under the control of Ford has been made. There were ups and downs in reaching this point, including the idea of teaming up with Toyota Motor. Ultimately, however, the interests of Mazda and Ford, which is turning its attention toward Asia, have become aligned. Mazda, having made serious management miscalculations, eventually ended up with a British president. Turning bad fortune into good, it has obtained a trump card for survival in the era of worldwide megacompetition.

It was the last part of March—two weeks prior to the announcement of strengthened cooperation between

Ford and Mazda. Mazda Vice President Henry Wallace arrived at work as usual at seven in the morning and, after working energetically all morning, he hurriedly jumped on the Sanyo Shinkansen bullet train and boarded "NW (Northwest) flight 70" bound for Detroit that leaves Kansai Airport at 4:55 p.m.

The time required to reach Detroit was exactly 12 hours five minutes. Due to the time difference, he arrived at the Metro International Airport at 3:00 p.m. the same day. Wallace then headed straight for the chairman's office at the Ford headquarters in Dearborn. Although both Wallace and Chairman Alex Trotman are British, there is an unmistakable difference in their ranking inside the company.

If Wallace were not dispatched to Mazda, there would probably not have been an opportunity during his entire life for him to speak one on one with the chairman. The content of his report to Trotman, while not in detail, can easily be inferred.

"Mazda has still not managed to work out of its deficit condition. However, in a little more than the past two years I have discovered something favorable about Mazda that does not show up in the numbers. The biggest thing is its development capability. While it did fail in luxury cars, it possesses great potential. I think that strengthening cooperation with Mazda will be indispensable to Ford's global strategy."

After spending only one night in Detroit, Wallace boarded "NW flight 69" afternoon the following day headed for Kansai Airport. In 14 hours and five minutes, he was back in the country in the evening of the following day Japan time, returned to Mazda headquarters in Hiroshima prior to 8:00 p.m., and as if nothing had happened, he worked until after 9:00 p.m. Wallace was only away from Hiroshima for one complete day. There was no one in the company who wondered at his behavior.

Ford's increasing its capital ratio and Wallace's promotion to president signifies both in name and reality the fact of Mazda's capitulation to Ford. Viewed in another way, it could also be said that guardian Sumitomo Bank, with characteristic tenacity, "turned Mazda's misfortune into a blessing." The misfortune is the management crisis due to the aftereffects of the bubble and the blessing is the acquisition of a trump card for survival heading into the 21st century.

If Mazda did not have further support from Ford, it could have become an orphan of the industrial world. The reason Ford agreed to provide assistance is that it finally needs Mazda. In the 17th year since starting the

investment cooperation, the interests of both companies have converged for the first time.

The Management Crisis that was a "Personnel Calamity"

There are some among United States automotive analysts who doubt saying, "Ford doesn't have the latitude to sink the massive figure of \$480 million into investment in Mazda at this juncture." However, in order to gain supremacy in the global market Ford needed the power of Mazda. The impact that this strengthened relationship between both companies will have in the automotive industry is immeasurably large.

Mazda's recent management crisis is a "personnel calamity." A management crisis just after the first oil shock opened a wound due to an erroneous management decision by third Mazda President Kohei Matsuda, which forced the company to acquiesce to investment participation by Ford. This was also a "personnel calamity." Matsuda took responsibility and not only gracefully resigned his post as president but completely withdrew from the management of Mazda after that by relinquishing all his stock holdings.

The "Mazda run by the Matsuda family" thus ended and lifetime employee Yoshiki Yamasaki assumed the post of president. With the total support of Sumitomo Bank in the background, Yamasaki wasted no time in welcoming the capital participation of Ford and posted seven consecutive years of increased earnings. This completed the company's rehabilitation.

Subsequently, the post of president went to Kenichi Yamamoto, who made the world's first practical use of the RE (rotary engine); the post was then taken by Norimasa Furuta, originally of the Ministry of International Trade and Industry; and in December 1991 just after the Bubble burst, it went to Yoshihiro Wada, originally employed with Sumitomo Bank. So it was the misfortune of Mazda that it would have as its president three individuals in succession whose management skills were questionable.

Although Yamamoto was a first class engineer, he went on the collision course with Ford whenever the opportunity presented itself and eventually retreated to the position of chairman citing back pain as the reason. Intrinsically, Sumitomo as guardian should have stepped into the forefront of management at this point but out of consideration of the deep-seated "Sumitomo allergy" inside Mazda, Furuta, who should be called the "third man" ended up being put in charge.

Nevertheless, things were quite difficult with his lack of managerial experience; he was unable to capture the

devotion of people inside the company and after a mere single term of two years passed the baton to Wada. It was not Sumitomo but Chairman Yamamoto who nominated Wada as next president.

Not only was it the period in which the bubble burst, but Yamamoto's proposal was nothing short of a "providing a convenient solution" for Sumitomo. If Wada, who knew everything about the techniques used in rehabilitating Sumitomo, could repair the relationship with Ford, and, further, heal the aftereffects of the bubble, it would have the effect of killing two birds with one stone.

In the zenith of the bubble period, Mazda made a bid to become a builder of luxury cars with characteristics similar to BMW. Promoting this move were the three top management people of Yamamoto, Furuta, and Wada. At the research institute, the "sensitivity" raised by Yamamoto became the password. One luxury car after another was developed and the number of channels in Mazda's sales network was increased to five, the same as Toyota Motor and Nissan Motor. Simultaneously, it invested an enormous amount of money in building a new second plant adjoining the Bofu plant.

By unflinchingly investing its best people who held their own bank's future in their hands, Sumitomo managed to succeed in rehabilitating Mazda once; however, along with the end of the bubble era, the ambition to transform to a luxury automaker changed to a fleeting dream. Pushed by the strong yen, Mazda's business performance fell off precipitously. Domestic sales hit the worst of slumps and exports, upon which it relied, also dropped off with the strong yen. The new plant was forced to operate at a low rate and because it posted an enormous deficit, the management crisis resurfaced.

Yamamoto, who first came up with the idea of becoming a luxury automaker, retreated in December 1992 to an advisory position. Although Furuta went from vice chairman to chairman, he almost never had a say about management and became a minor player. On the occasion of becoming president, Wada's ability to switch the course of management was, like a wrestler suddenly changing to a referee, nearly impossible.

It is clear that responsibility for the management crisis lies with these three presidents, but not one of them even tried to take responsibility. This led to a decline in morale within the company.

On the contrary, in response to the wishes of those same men, Vice President Michimasa Ohara, originally from Sumitomo and who perfected the five-channel initiative, and lifetime Mazda employee Senior Managing Director Toshiro Yasumori were made to take responsibility and

left the company. It was like the pot calling the kettle black.

Although Mazda's authority was concentrated on Wada alone, he was to the last unable to earn Ford's confidence. This is because Ford had had doubts about Wada's managerial competence since when he was senior managing director.

Toyota Lacked the Latitude to Assist

Since the capital partnership in 1979 the fundamental policy regarding the future of Mazda had been decided by the past chairmen of Ford and Sotou Tatsumi (currently chairman) of Sumitomo. The period when Mazda began to run amok coincided at the worst possible time with Sumitomo's entanglement with the Itoman affair. Tatsumi was extremely busy with the job of protecting the bank from the underworld, and had lost the leeway to keep a watchful eye on Mazda's management.

By the time Sumitomo got finished cleaning up after the Itoman affair, it was too late to embark on the rehabilitation of Mazda. Premised on Ford's all-out support, Sumitomo was pondering over which of the directors of Mazda proper to place in the top position of the company. Unfortunately, however, there were no capable men who passed Tatsumi's test.

Initially, Ford had second thoughts about assisting Mazda. This is because it was plain that mere financial assistance would not help one bit in rehabilitating Mazda. If not done properly Ford could end up throwing its money away.

Mazda at this time, under the instructions of Wada, was trying to newly establish a second sales network in the United States as well as realize local production in Europe despite the fact that it was viewed as a certainty that the company would go into the red. As one might expect, Sumitomo instituted vigorous action and put a stop to this, but if this had been implemented, the company would likely have been in an irrecoverable situation.

In November 1993 the chairman of Ford changed from Red Pauling, who was very well acquainted with Japan, to Trotman, whose motto is rationalism. He had made the judgment while president that the tieup with Mazda would not prove to be all that beneficial to Ford. However, giving in to the strong request from Sumitomo, he decided for the time being to dispatch four permanently stationed directors led by Wallace.

These four embodied the typical of intense American businessmen who work from early morning to the late evening hours. Their role was twofold. One was to

investigate the feasibility of rehabilitating Mazda. The other was to find out whether it would be possible to integrate Mazda into Ford's global strategy.

Tatsumi was unable to conceal his uneasiness about what Ford's conclusion would end up be, and instead of limiting a cooperative partnership to Ford alone, he was looking to widen to field to other Japanese firms. In Summer of last year, he secretly met with Toyota Chairman Shoichiro Toyoda and sounded out the idea of a partnership in a roundabout way. Toyoda, while avoiding giving an immediate reply, did not seem to dislike the idea.

From the standpoint of being chairman of the Keidanren, Toyoda was leaning in the direction of the judgment that "Toyota, the top manufacturer, must do something to save Mazda" in case Mazda should fall into difficulty. However, heading into August, the situation took a sudden turn. Stricken in early spring with hypertension, Tatsuhiro Toyoda retired. Since, in his place, Hiroshi Okuda, who had spent his entire time since entering the company in the accounting field, assumed the post of new president, this initiative never saw the light of day. "At a time like the present when our domestic sales share might dip below 40 percent, Toyota does not at liberty to assist Mazda."

This being the case, the only one who could be relied upon after all was Ford. In the fall, Trotman arrived in Japan for the Tokyo Motor Show. At this time, Trotman had had no contact whatsoever with the top management of Mazda and, although he had a chance to talk for a long time with Tatsumi, there was not a word about increasing cooperation.

Ford was at a loss about what it should do. Last fall, a long-term management plan geared toward the 21st century, called "Ford 2000" was created, but its Asia strategy was blank. Because of the fact that the strategy for Asia, where growth is anticipated, was blank, the plan "lacked the finishing touch."

Ford was lagging behind its rivals General Motors (GM) and Chrysler not only in China but also in Asia strategy. This had the effect of being fortunate for Mazda. In recent years the media has been making a big deal about "the enormous market of Asia, after Europe and the United States," but Asia is anything but a single market.

To be sure, demand will reach 12 million units annually, but the two nations of Japan and South Korea comprise 9 million units of that. The majority of countries will embark on full-fledged motorization from this point on. However, unlike Europe, the standard of living of each nation is not uniform. Each has different automobile industry strategies, and, moreover, they are complex.

Unless scrupulous attention is paid to individual nations and regions, success will not be obtained.

It will be absolutely impossible to comprehend the differences in Asian nations sitting in Detroit. In order for Ford to recoup the time it lost in expanding in the Asian markets, the fastest thing would be to utilize partnership manufacturers than direct capital investment. Ford is also engaged in capital participation with Kia Motors of South Korea. Even though Mazda is in a management crisis the difference in power particularly concerning engineering is unmistakable.

Ford Cautioned the Off the Books Loan

At the time Ford sent the four directors to Mazda, it seemed to have made the inward determination that "there is no choice but to send a president" but it resisted the capital ratio increase until the last. How much are Mazda's off the book loans? What is the actual situation of the management of subsidiaries and affiliated companies? If it invests \$480 million and acquires managing rights in Mazda with the addition of the consolidated account balance, there could be trouble if Ford has to take on off-the-books loans and the bad assets of subsidiaries and affiliates.

Ultimately this problem was solved by Mazda dealing with the off-the-books debts before Ford paid the increased capital and by Sumitomo taking responsibility for the bad assets of subsidiaries and affiliates. Further, in the sense of providing a heightened feeling of comfort for the people and Ford, it was also decided that Tatsumi would assume the post of part-time managing director.

Mazda's technical development capability is anything but inferior to Toyota's or Nissan's. In fact it is superior in some aspects. The field in which Mazda's strength lies is not in luxury cars but in small cars for mass consumption.

In the future, Ford will probably let Mazda take full charge of small car development from the standpoint of efficient utilization of management resources. As for development of passenger cars, a segregation of niche system will be established in which luxury cars are handled by Detroit and Ford Europe and compact cars by Mazda.

In the Middle and Near East as well as African markets, Mazda brands have penetrated more than Ford. Ford will likely make exhaustive use of the Mazda brand in these regions. In regions where import restrictions do not exist, Mazda cars can be employed to scout out export development.

Mazda's main role in the Ford Group will lie in the Asia strategy and compact car development. Particularly

pertaining to development, its workload may increase but never decrease.

In exchange, in the course of time it will be forced to withdraw from the European and American markets where Ford and Mazda have been engaged in fierce competition. As long as Ford holds the management rights to Mazda, there is really no sense in this competition. Once a division of labor system of sharing of models and production and development gets started, Mazda will no longer have the leeway to develop cars for launching in the European and American markets. When this happens a natural death will be unavoidable.

Mazda and Isuzu Whose Fortunes Have Turned

Although Mazda may have capitulated to Ford, at the same time it has found a strategy for its survival. Fortunately Ford also has found a need for Mazda. Having acquired one-third of Mazda stock, Ford has dispatched a president to head the company. In all likelihood Ford will acquire 51 percent of the stock in the not too distant future.

That is not to say that Mazda will become a foreign company. Even though Ford is supplying a president, Mazda will continue to be a genuine Japanese firm. The same is true for Isuzu Motor, in which GM holds a 37.5 percent share of stocks. The reason GM does not send over a president is probably that they made the decision that a Japanese president is more suitable.

Ironically, Mazda and Isuzu, which have experienced the hell of management crises, have taken the initiative in the internationalization of Japanese firms.

In Isuzu's case, immediately after assuming the post of president, Kazuhira Seki withdrew from passenger car production as part of restructuring. He achieved a rehabilitation by dedicating attention to trucks and now it is a prized member of the GM Group.

Mitsubishi Motor Industry agreed to capital cooperation with Chrysler and received senior managing directors from its partner, but it turned out that besides the official senior managing directors' meeting, Mitsubishi was holding secret directors' meetings with only the Japanese members called "senior managing directors' contact meeting," and it was there that the important issues were being decided. While there are other reasons, as one would expect, these two dissolved their capital partnership after 20 some odd years.

From the latter half of the 1970's and into the 1980's the phrase "global auto war" was popular in the world automotive industry. This had the meaning of a war with the dignity of the country at stake due to the fact

that automobiles were a key industry in their respective nations.

Although the automobile industry has matured, the fact that it is a key industry which supports the economy of each respective nation, whether it be developed or developing, has not changed.

For the Japanese economy, the result is the same regardless of whether Mazda comes under the control of foreign capital firms or forms partnerships with domestic firms. It is just that if its partner is a foreign firm, the political effect is great. The important thing is to make the firm last forever. For Hiroshima, the home town of the Mazda company, that is even more the case.

The automobile is a global commodity and involves a war between capital. Capital circulates worldwide. If limited to automobiles, a comparison between countries is already obsolete. The automobile industry has entered the age of "megacompetition" that has transcended national boundaries.

The schematic of opposition is "Toyota vs GM," "Volkswagen vs Nissan" and not "Mazda vs Honda." Put more precisely, in the future the situation of "Ford = Mazda vs Honda" come into being. This trend will likely become more pronounced in the future.

The former schematic of capital partnerships between Mazda = Ford and Mitsubishi = Chrysler, while at the same time, these players were competing against each other is, by nature, improper. The same can be said about the relationship domestically between Toyota = Daihatsu and Nissan = Fuji Heavy Industries.

Amid the rehabilitation drama that accompanied the liberalization of capital in the 1960's the only one that put the logic of capital into practice was Hino Motor Industry which came under the control of Toyota. Hino, simultaneous with the inception of this relationship, withdrew from its deficit plagued passenger car sector and devoted itself to the manufacture of large trucks.

By contrast, Daihatsu Industry, which, having a strong awareness of its long lineage, continued to hang on to the compact passenger car sector, was forced into a long-term slump due to weakness in sales capacity. In the fall of last year, just like Mazda did recently, Daihatsu got Toyota to increase its capital ratio to 33.4 percent so that, both in name and reality, it became under the control of Toyota.

The relationship between Nissan and Fuji Heavy Industries is delicate. Viewed in the long term, as long as Fuji does not completely become affiliated with Nissan, it is clear that it cannot survive. Its four wheel drive

"Legacy" was able to hitch a ride on the RV (recreational vehicle) boom of the moment and although it appears to be on the track to rehabilitation, it does not have any hit vehicles to succeed the Legacy.

The tragedy of Fuji Heavy Industries is that not only will consignment car production fluctuate according to the shifts in Nissan's business performance, that fact is that it will from time to time be halted. Each time this happens the tendency toward independence inside the company wells up. It was just after Nissan suspended consignment production that there was the rush toward joint production with Isuzu in the United States.

One other misfortune of Fuji Heavy Industries is the fact that the Industrial Bank of Japan reigns as a major shareholder at nearly the same ratio as Nissan. The president has been supplied alternately by Nissan and the Industrial Bank, but this time Nissan has dispatched two presidents in succession. Both companies in the future will be left behind in the age of megacompetition as long as they do not increase their ties on personnel, materials, and money fronts.

Focal will be Mitsubishi and Honda (Honda Motor Company) who are fiercely vying for third place after Toyota and Nissan. Mitsubishi has continued its forward advance with RV hits, such as Pajero, at a time that other companies in the same industry were in turmoil due to the aftereffects of the bubble, and almost seems to be assured of a firm third place in the domestic market. However, recently it has been losing steam. With the exception of certain regions, such as Malaysia, Mitsubishi is weak overseas. Despite the fact that Mitsubishi Group is waiting in the wings, one should not expect too much.

Honda is in a position that is similar to Mitsubishi. Its management mode of earning the majority of its profits in the U.S. market has not changed. Although the "Honda" brand still shines, it will soon fade if it is not vigilant. In order for Honda to develop further it should strive to globalize its management, but the actual situation is that it is at a standstill.

The strengthened partnership between Mazda and Ford was a wake up call signaling that the world automotive industry has entered an era of "megacompetition."

Japan: Government Considers Launching Reconnaissance Satellites

OW1108142496 Tokyo NIHON KEIZAI SHIMBUN in Japanese 11 Aug 96 Morning Edition p 1

[FBIS Translated Text] The government will seriously study to see if it can launch information satellites of its own — which will be jointly used by the Ministry of

Foreign Affairs [MOFA], Defense Agency [DA], Science and Technology Agency [STA], National Land Agency [NLA], and other ministries and agencies. Expenses needed for the study will be earmarked in budget requests of ministries and agencies for fiscal 1997. Among other things, the government will study methods of satellite procurement and operation, including establishment of an independent organization similar to that of the United States. The government thinks that participation of the STA, NLA, and other agencies in the project will dilute the tinge of military use of the satellite. Therefore, a conclusion was reached that the project would not violate a Diet resolution, which calls for "peaceful use of the universe," either.

In addition to launching two satellites capable of covering the entire Asia-Pacific region, MOFA's concept calls for construction of ground receiving centers, where information analysts will be stationed. The cutting-edge reconnaissance satellites of the United States are equipped with high-resolution cameras capable of identifying a 10-centimeter-long object on the ground. But MOFA is planning to use cameras that can identify an object about one meter long. So far, Japan has been relying on the United States for satellite image information. But the government wants to improve its system to that it can obtain such information on its own. Thereby, the government aims to prepare itself for the situation on the Korean peninsula, which is becoming increasingly uncertain, and for other situations.

It is estimated that a total of more than 200 billion yen is needed to launch and operate the satellites. On satellite procurement, a senior MOFA official said: "Among other things, we will study whether we will buy the satellites from the United States or building them domestically."

The DA is also studying the possibility of launching its own reconnaissance satellites to study the military trend of neighboring countries. But it was feared that such a study led by the DA may violate an agreement of the 1969 "meeting for peaceful use of the universe," which calls for a ban on its military use. Therefore, the government has decided to seek, with MOFA as a central figure, comprehensive utilization of the "reconnaissance satellites" by asking the STA, NLA, and other ministries and agencies, which need satellite information from non-diplomatic or non-security viewpoints, to join the project.

The United States formed an independent organization called National Reconnaissance Office (NRO) in 1960 for satellite operation. Existence of the NRO was kept secret until 1992. However, the NRO is still in charge of collecting information for drawing up security and

diplomatic policies and giving them to ministries and agencies concerned. The government plans to study the possibility of joint use including formation of a new organization similar to a "Japanese version of the NRO."

Japan: Nikkeiren Leader Wants Hashimoto Government To Continue

OW0908123096 Tokyo KYODO in English
1145 GMT 9 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 9 KYODO — A top business leader expressed support Friday for the government of Prime Minister Ryutaro Hashimoto to continue, stressing the need for a stable administration instead of a change in political power.

"A stable government staying on a long-term basis is necessary to promote economic structural reform," said Jiro Nemoto, president of the Japan Federation of Employers Associations (Nikkeiren), speaking at a seminar in Fujiyoshida, Yamanashi Prefecture.

Nemoto was the first among top leaders of major business organizations to express support for a continuation of the current government.

Nemoto implied that the government should ideally continue for about four years, saying, "Even in the private sector, company presidents cannot get anything done unless they serve two terms lasting four years, or three terms lasting six years. The same can be said in politics."

Japan: Power Game, Suspicion-Generated Fear Surrounding Postcoalition

96280101A Tokyo USHIO in Japanese Jun 96
pp 124-127

[Article by Takao Iwami, political commentator in series "Nagatacho Dispatch"]

[FBIS Translated Text]

LDP's Complicated Internal Power Struggle

It is extremely disorganized. And there is no stability. It is a political situation without a core to hold things together. There were annoyed voices from here and there in political circles concerning the events taken place during U.S. President Clinton's visit to Japan (16-18 April), asking: "Why is Hashiryo (Prime Minister Ryutaro Hashimoto) laughing all the time like that?" The prime minister has been in excellent spirits since the decision to return the Futenma Base in Okinawa. But there is also much uncertainty regarding the future of Japan-U.S. relations; and not only that, nothing at all is clear-cut. There is probably a feeling that this is not a time for laughing.

Former Liberal Democratic party (LDP) president Yohei Kono gave the following view of recent governments.

"In the Murayama government a certain kind of consultation system was functioning. Everyone bore that in mind and acted accordingly. But when it came to the next (Hashimoto) government, there is the very strong individual characteristic of (New Frontier Party Leader Ichiro) Ozawa, and (Chief Cabinet Secretary Seiroku) Kajiyama, (LDP Deputy Secretary General Hiromu) Nonaka, or (chief of LDP Organizational Public Relations Headquarters, Shizuka) Kamei, or (LDP Secretary General Koichi) Kato. There is a feeling that all of them have very strong individuality, and they are going around acting on their own without consulting others. Another thing is that, unfortunately, though it is called 'the LDP-SDP [Social Democratic Party of Japan]-Sakigake government,' the LDP became the head of the coalition government, and I think the LDP idea of 'becoming the leader, too' became stronger."

If you call it individuality, it sounds good, but it is more fitting to call it ambition. Lately there is a strong sense that ambitions are clashing with virtually no rules. Why did that happen? There are four reasons.

One is that the coalition government's style has changed. When a large party (LDP) is supporting a smaller party, (i.e. the present Social Democratic Party: SDP) things are fairly settled, but when a small party comes to support a large party government, the willfulness of the large party comes to the surface. It appears that the LDP has become possessed of the illusion that it returned to the time when it ruled independently, and has, in the words of Kono, begun to often forget the limitations and rules of a "coalition."

The second is that the LDP's internal power struggle is showing a more complicated nature than ever before, and efforts to regulate it are not working. It is certain that the struggle between Kajiyama and Kato has become the main axis; in contrast to Kajiyama searching for a path to a conservative-conservative alliance based on cooperation with the New Frontier Party, Kato has made clear the position of the coalition faction, which holds that the framework of an LDP-SDP-Sakigake coalition government should also be preserved and developed in the future.

In addition, Policy Affairs Research Council chairman Taku Yamasaki, Nonaka, Kamei and mid-ranking and junior Diet members have joined forces behind Kato, and party elders and veteran Diet members are backing Kajiyama, so even a generational rivalry of young Kato versus old Kajiyama is open to view. Furthermore, if one were to ask if it is only a policy-line question

of "conservative-conservative or coalition" plus generational rivalry, it is not that simple; as might be expected, a power game of who will hold power in the next government is also going on at the same time.

As though attacking this opportunity of disorder within the LDP, Ozawa's strategy is operating as always; one peak was the surprise "single party conference" (19 March) based on a Kajiyama gimmick. It gave impetus to the conservative-conservative current by staging a "Hayashi-Ozawa" handshake, and on the other hand, shifted to a strategy of nipping the coalition faction in the bud by demanding to summon witnesses to pursue suspicions of illegal political contributions to Kato. A conservative-conservative alliance structure based on the trio of "Hashimoto, Ozawa" and Kajiyama is also a scenario which had been depicted for some time by former Prime Minister Yasuhiro Nakasone.

Why Did It Decline Into a Coreless Government

Information has also come to me that at a certain meeting held around that time Ozawa revealed: "For the time being I will back Hashimoto, but next I will go with Kajiyama." It was seen as a strategy of "reserving a ticket for prime minister," at which Ozawa excels, in which a conservative-conservative coalition would become a reality, and when he gained control of the government, the Hashimoto government would lead to a Kajiyama government. It is unclear how true it is, but it is a plausible story.

However, at the conclusion of lower house passage of the FY96 budget the governing and opposition parties compromised by trading the freezing of the 685-billion yen jusen budget and the summoning of Kato for testimony, and political strife also subsided for a time. It was the result of priority being given to the interests of both parties in not wanting to become the "principal offender" in further delaying dealing with the budget. But warfare is certain to recur. The question of dissolving the Diet will be entangled in the jusen argument in the latter half of the regular Diet session, so there is no doubt that strife will flare up again.

The third reason for the irregular course of the political situation is, probably the fact that, as might be expected, doubts have emerged concerning the quality of the LDP-SDP-Sakigake coalition government. The era of coalition government will soon enter its fourth year, and it has gradually become impossible to hear active praise of its merits: "coalition will solve everything." At the time of the Murayama government there also emerged the high praise that: "Precisely because it is an SDP prime minister they were able to even deal with things which would be impossible to realize by an LDP government." But with the passage of time, weaknesses

and disadvantages have begun to stand out. All the more so because, particularly as dissolution and the general election draw near, the battle on which each party stakes its survival has become fiercer each day, so they try to make their individuality stand out, not cooperation. The coalition faction of Kato and his group also admits the transitional nature of the coalition, saying: "Naturally we aim at an independent LDP government, but in the current situation we do not have the power to attain that independently, so the only option is to preserve the party by the coalition." Consequently, it is natural that a realignment will occur after the coalition, and this, too, is a major cause of confusion. One cannot help but become prey to suspicion-generated fears when no one can have confidence concerning the future structure of parties.

The fourth is related to that; it is that those Diet members who have a secret desire to join a new party are losing a direction for action because the new party movement is not taking shape. Potential advocates who are eagerly waiting for a new party are scattered in all the parties. The fact that the idea for a "Hato-Funa New Party" by New Party Sakigake Secretary General Yukio Hatoyama and New Frontier Party Executive Council Deputy Director Hajime Funada surfaced and created a bit of a stir, was because there was strong interest in such move. But although Hatoyama set forth a policy of forming a new party 1) before the general election and 2) in the form of individual participation, it is difficult to forecast whether this will go on expanding into a large "third pole." All the more so because the "SDP-Sakigake Party," which has been considered for some time, has gradually come to be seen as hopeless, though there are some aspects in which hopes have begun to flock to "Hato-Funa," on the other hand, there are also many with the harsh view that: "at most it will not go beyond five or six people." This means that one certainly cannot be optimistic about the success of building a "third pole," so, as might be expected, it has become one cause of confusion.

And the absence of a capable "mediator" has been a critical factor in leading to the confusion of the political situation, the irregular course of the new parties, and the fact that it declined to a coreless government. In the past there were a number of persons like Shigeru Hori and Shin Kanemaru who managed by themselves to create a path to facilitate cooperation. Now former prime ministers Nakasone and Noboru Takeshita are operating beneath the surface, but both are the type who operate behind closed doors; they are not visible to the public. Prime Minister Hashimoto is trying to find a path for action in prime ministerial diplomacy concerning Okinawa, Japan-U.S. and Japan-Russian relations, but

be it diplomacy or domestic politics, he cannot stand on firm ground unless he can form a "strong, stable government." It seems to me that it will be a long haul, and, as might be expected, it would be wise to seek the support of the people of the nation by asking their will (general election) as soon as possible.

North Korea

DPRK: U.S.-ROK 'Continued War Games' Against DPRK Decried

SK1008025596 *Pyongyang KCNA in English*
0248 GMT 10 Aug 96

["Continued War Games Against North" — KCNA headline]

[FBIS Transcribed Text] *Pyongyang, August 10 (KCNA)* — The U.S. imperialist warmaniacs and the South Korean puppets had joint aerial war exercises against the northern half of Korea on Wednesday and Thursday [7 and 8 August], military sources said.

Involved in the exercises in the skies above Tokjok Islet on the West Sea [Yellow Sea] of Korea and South Korean Kangwon Province were overseas-based fighter planes and some 730 fighter-bombers, assault planes, observation planes and electronic jamming planes belonging to the U.S. Seventh Air Force and the puppet air force.

This evidently shows that the U.S. imperialists and the South Korean warmaniacs are persistently making criminal war preparations.

DPRK: 'Ulchi Focus Lens' Denounced as Challenge to Reunification

SK1108064196 *Pyongyang KCNA in English*
0631 GMT 11 Aug 96

["Challenge to Nation's Desire for Reunification" — KCNA headline]

[FBIS Transcribed Text] *Pyongyang, August 11 (KCNA)* — The South Korean puppets staged a large-scale river-crossing exercise of the "Maengho Unit" of the puppet army in the north Han River on August 9.

They also announced that they would hold a large-scale commanding exercise dubbed "Ulchi Focus Lens" between August 19 and 30 allegedly to cope with the "case of emergency" on the Korean peninsula along with the U.S. forces.

Commenting on this, NODONG SINMUN today says:

This is a deliberated and premeditated criminal act to block the unity and reunification of the nation and bring the situation on the Korean peninsula to the brink of war.

All the fellow countrymen are ardently longing for peace and peaceful reunification of the country. Mirroring this current, preparations for the pan-national rally are progressing in Pyongyang, Seoul and overseas under the ardent support of the fellow countrymen.

Nevertheless, the Kim Yong-sam group staged a war exercise against the North and announced the plan of the "Ulchi Focus Lens" manoeuvres with the pan-national rally at hand, thus dampening the ardent desire of the nation for reunification and throwing a gloomy shadow over the rally.

What the Kim Yong-sam group seek in further intensifying the anti-DPRK confrontation moves and continuing the war games against the North is to quell the ardent desire of the South Korean people for reunification which would grow before and after the August 15 pan-national rally and lay a bigger obstacle to national reconciliation, unity and reunification.

They must clearly see the will of the nation for reunification, stop the frantic war exercises which becloud the atmosphere of the rally and cancel the plan of the provocative "Ulchi Focus Lens" manoeuvres at once.

DPRK: South Korean Apprehended for Illegally Crossing Border

SK1208102896 *Pyongyang Radio Pyongyang*
in Korean 0709 GMT 5 Aug 96 to South Korea

[FBIS Translated Text] At dawn on 31 July, a relevant agency caught an unidentified South Korean who illegally violated our country's northern frontier.

According to his statement, he is Kim Yong, a novelist under the National Association of Writers in South Korea and concurrently a lecturer of Pusan Conservatory.

He is now being questioned by the relevant agency.

DPRK Red Cross Proposes Meeting To Return ROK Body

SK1008134896 *Pyongyang Korean Central Broadcasting Network in Korean*
1300 GMT 10 Aug 96

[FBIS Translated Text] We will now air a message sent by Yi Song-ho, acting chairman of the Central Committee of the DPRK Red Cross Society, to the president of the [South] Korean National Red Cross [KNRC].

To KNRC President Kang Yong-hun:

I inform you that our side is now preserving the body of a resident of your side which was found in the West Sea [Yellow Sea]. The article left by the deceased is

a resident registration card. According to the card, the deceased's name is Kang Tae-sin, and he was male. His current address is 229-9 Yangjae-tong, Socho-ku, Seoul, and his resident registration number is 650228-1670412.

Our side intends to deliver this body to your side via Panmunjom at 1600 PM [0700 GMT] on 12 August from the perspective of humanitarian concern and brotherly love. In this regard, I propose a liaison officers' contact of the two sides' Red Cross Societies at the conference room of the former Neutral Nations Supervisory Commission at 1530 PM [0630 GMT] on the same day.

[Signed] Yi Song-ho, acting chairman of the Central Committee of the DPRK Red Cross Society

[Dated] 10 August 1996

DPRK: Inter-Korean Red Cross Proposes Returning ROK Body

SK1108040796 *Pyongyang KCNA in English*
0401 GMT 11 Aug 96

["Contact of Inter-Korean Red Cross Liaison Representatives Proposed" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 11 (KCNA) — Yi Song-ho, acting chairman of the Central Committee of the Red Cross Society of the Democratic People's Republic of Korea sent a notice to president of the South Korean Red Cross Kang Yong-hun today in connection with the fact that a dead body of a South Korean citizen found in the West Sea [Yellow Sea] of Korea on August 9 is kept in the North.

According to the notice, articles left by the dead include a resident registration card with the name of Kang Tae-hui (male), address 299-9, Yangjae-tong, Socho District, Seoul city and registration number 650228-1670412.

The North side is going to hand over the body to the South Korean side through Panmunjom at 16:00 [0700 GMT] on August 12 in the spirit of humanitarianism and with compatriotic feelings. In this connection, the notice proposed to have a contact of liaison representatives of both sides at the conference room of the former Neutral Nations Supervisory Commission at 15:30, according to the established practice.

DPRK: Group Views ROK Attempt To 'Kidnap' Students in Berlin

SK0908233596 *Pyongyang KCNA in English*
1412 GMT 9 Aug 96

[FBIS Transcribed Text] Pyongyang, August 9 (KCNA) — The North headquarters of the National Alliance of Youth and Students for the Country's Reunifica-

tion (Pomchonghangnyon) issued a statement today denouncing the Kim Yong-sam group for attempting to kidnap the delegates of the South Korean Federation of University Student Councils (Hanchongnyon) under the South headquarters of Pomchonghangnyon on their way to Pyongyang.

Agents of the puppet Agency for National Security Planning (ANSP) and officials of the South Korean consulate in Berlin broke into the joint secretariat of Pomchonghangnyon situated in Germany on August 8 and tried to kidnap the delegates by pulling their wrists. When strongly resisted, they forced the family of To Chong-hwa, one of the delegates, to enter the office room and ask the delegates to surrender. The family had been taken to Berlin from Seoul.

When the officials of the joint secretariat called German police, lodging a legal protest against the human rights violation, the gangsters could not but withdraw from the office room. However, they are desperately working to block the delegates' northern trip.

The statement says:

The incident is a very grave act of repression to throw a wet blanket over the nation's ardent desire for reunification rising in the North, South and abroad on the threshold of the seventh pan-national rally. This clearly shows once again that the Kim Yong-sam group are heinous separatists and fascists though they are "civilian"-veiled.

We fervently call on the international human rights bodies and organizations to mete out a due punishment to the Kim Yong-sam group for this terrorist act.

The Kim Yong-sam group's fascist outrage fully reveals their anti-national, anti-reunification nature before the eyes of the world people.

They must clearly know that with no suppression and plots, can they arrest the powerful march of the Korean youth and students towards reunification.

If they continue keeping the delegates from visiting Pyongyang, they will stand condemned more bitterly and have to bear full responsibility for the grave consequences.

No matter how desperately they may try to block the seventh pan-national rally and the sixth grand reunification festival of Pomchonghangnyon, the Korean youth and students in the North, South and overseas will successfully hold them without fail and fully demonstrate the Korean people's desire for reunification.

**DPRK Paper Denounces ROK for Attempt to
'Kidnap' Students**

SK1108083396 *Pyongyang KCNA in English*
0638 GMT 11 Aug 96

[FBIS Transcribed Text] Pyongyang, August 11 (KCNA) — The Kim Yong-sam clique on August 8 drove the agents of the puppet Agency for National Security Planning and its consulate to raid, in broad daylight, the joint secretariat office of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon) in Berlin in a bid to kidnap the delegates of the South Korean Federation of University Student Councils (Hanchongnyon) en route to Pyongyang for holding the 7th Pan-National Rally (PNR) and the 6th grand reunification festival of Pomchonghangnyon with success.

NODONG SINMUN in a commentary today scathingly denounces this terrible white terrorism of the Kim Yong-sam fascist clique as a gross violation of the international law and human rights and an intolerable challenge to the entire fellow countrymen desirous of national reconciliation, unity and reunification.

The news analyst continues:

In actuality, the traitorous Kim Yong-sam clique should have been punished sternly by the nation only for foiling the joint opening of the 7th PNR in Seoul.

Nevertheless, the puppets are now running amuck to impede the seventh PNR to be held separately in the North, South and overseas and the sixth grand reunification festival due in Pyongyang.

Nobody can predict what sorts of despicable and vicious crimes the South Korean puppet will commit again to foil the ceremonies.

If the Kim Yong-sam group are left alive, neither the reconciliation and unity of the Korean nation can be achieved nor the country's peace and peaceful reunification can be realized in any time.

A mad dog should be beaten to death.

**DPRK: Students' Plans To Transit Panmunjom 14
Aug Noted**

SK1208095796 *Pyongyang Korean Central
Broadcasting Network in Korean*
0815 GMT 12 Aug 96

[FBIS Translated Text] We will air a joint press statement issued by delegates of the North side and overseas to the sixth grand reunification festival of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon).

A joint press statement by the delegates of the North side and overseas to the sixth grand reunification festival of the Pomchonghangnyon:

On the occasion of the 51st anniversary of the liberation of the fatherland, the sixth grand reunification festival of the Pomchonghangnyon will be held.

At the recent grand reunification festival of the Pomchonghangnyon, students' reunification ceremonies, such as the first general meeting of Pomchonghangnyon and a joint meeting of students in the North and the South, will take place.

The sixth grand reunification festival of Pomchonghangnyon demonstrates the valiant spirit and zeal of the students in the North, the South, and abroad to reach a new turning point in the reunification of the fatherland, with a strength united under the banner of Pomchonghangnyon, and it further heightens the will for peace and grand national unity and the firm confidence in reunification among the 70 million fellow countrymen.

The South Korean Federation of University Student Councils (Hanchongnyon) under the South headquarters of Pomchonghangnyon has officially invited delegates of the North side and overseas to the ceremonies of the grand reunification festival of Pomchonghangnyon due to be held in Seoul.

Accordingly, 100-member delegations from both the North side and overseas have been formed in a bid to participate in the grand reunification festival of Pomchonghangnyon slated to be held in Seoul.

The delegates of the North side and overseas will show up at Panmunjom on 14 August to advance into Seoul.

We expect that the South Korean authorities will immediately take steps to guarantee the safety of and afford convenience for the delegates of the North side and overseas to the sixth grand reunification festival of Pomchonghangnyon.

[Dated] 12 August 1996, Pyongyang

**DPRK: Hanchongnyon Delegates Arrive in
Pyongyang**

SK1008062596 *Pyongyang KCNA in English*
0613 GMT 10 Aug 96

[FBIS Transcribed Text] Pyongyang, August 10 (KCNA) — Delegates of the South Korean Federation of University Student Councils (Hanchongnyon) under the South headquarters of the National Alliance of Youth and Students for the Country's Reunification has just arrived in Pyongyang to take part in the 7th Pan-National Rally (PNR) and the 6th Grand Reunification Festival of Pomchonghangnyon due here.

The delegates are To Chong-hwa, a fourth-year student of the Mechanical Engineering Department of the Technical College of Yonsei University, and Yu Se-hong, a fourth-year student of the Dental Surgery Department of the Dentistry College of Chosun University.

Officials of the North Preparatory Committee for the 7th PNR and a number of Pyongyang students warmly greeted them at the airport with compatriotic feelings.

Although agents of the South Korean puppet Agency for National Security Planning tried to kidnap them in Berlin on August 8 in a bid to keep them from visiting Pyongyang, the delegates resolutely repulsed the white terrorism and carried out a praiseworthy patriotic action today for national unity and reunification.

DPRK: Pomminnyon Overseas Headquarters Plans PRC Rally

*SK1008034196 Pyongyang KCNA in English
0329 GMT 10 Aug 96*

[FBIS Transcribed Text] Pyongyang, August 10 (KCNA) — The Overseas' Headquarters of the National Alliance for the Country's Reunification (Pomminnyon) released a statement today saying that now that the Seventh Pan-National Rally (PNR) cannot be held separately in the North, South and overseas due to the Kim Yong-sam regime's obstructions, the overseas' headquarters will open the rally in Shenyang, China, and successfully hold it as a common reunification festival of the nation, in concert with the fellow countrymen in the North and the South.

The statement says:

The Kim Yong-sam regime of South Korea has not allowed Pomminnyon delegates to visit Seoul, intensifying the suppression of patriotic-minded champions of reunification for their preparation of the Seoul rally. On August 8, it sent many agents of the "Agency for National Security Planning" to Germany to raid the Joint Secretariat Office of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon).

This outrage fully revealed again the anti-national, anti-reunification nature of the Kim Yong-sam "civilian" fascist regime, which has persistently opposed the reunification of the country, estranged from the nation.

The Kim Yong-sam regime must clearly know that though it has blocked the Seoul rally at the point of bayonet, it can never check the grand march of the fellow countrymen towards national reunification.

DPRK: Kim Chong-il Sends Message to Jiang Zemin on Floods

*SK0908234696 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 9 Aug 96*

[FBIS Translated Text] Comrade Kim Chong-il, the great leader of our party and people, has sent a reply message to Comrade Jiang

Zemin, general secretary of the CPC Central Committee; president of the PRC; and chairman of the PRC Central Military Commission, for sending a consoling message regarding parts of our country having been inflicted by horrible flood damage [omjunghan kummul pihae].

The reply message reads as follows:

Beijing:

Comrade Jiang Zemin, general secretary of the CPC Central Committee; president of the PRC; and chairman of the PRC Central Military Commission, I would like to express my sincere gratitude to you for sending earnest compassion and condolences on behalf of the CPC, the PRC Government, and the PRC people regarding the terrible flood damage in some parts of our country.

I would like to take this opportunity to sincerely wish that the CPC, the PRC Government, and the PRC people, all headed by you, will weather over as soon as possible the flood damage that occurred in your country some time ago, and will achieve greater accomplishments in the country's wealth, strength, and prosperity.

[Signed] Kim Chong-il, chairman of the DPRK National Defense Commission and supreme commander of the Korean People's Army

[Dated] 8 Aug 1996, Pyongyang

DPRK: Kim Chong-il Thanks PRC Leadership for Food Aid

SK1008141396 Moscow Voice of Russia World Service in Korean 1200 GMT 10 Aug 96

[FBIS Translated Text] Kim Chong-il, the supreme leader of the DPRK, expressed gratitude to the Chinese leadership for providing the DPRK with urgent food aid to relieve the hungry inhabitants of the area of the republic stricken by major floods last year.

Kim Chong-il's message of thanks was sent within two days of the arrival at Nampo port of a ship loaded with 3,000 tonnes of corn, the first batch of the urgent Chinese food aid, noted a source close to the DPRK embassy in Beijing.

DPRK: Article on Basic Problem in DPRK-Japan Ties

SK1108065196 *Pyongyang Korean Central Broadcasting Network in Korean*
0830 GMT 8 Aug 96

[Unattributed article from 8 August NODONG SINMUN: "Discussing the Fundamental Problem in DPRK-Japan Relations"]

[FBIS Translated Text] More than half a century has passed since our people squashed imperialist Japan's colonial rule and achieved the cause of fatherland liberation. Throughout the flow of history, our Republic has developed good neighborly and friendly relations with many foreign countries.

However, in spite of their close geographical distance, the DPRK and Japan have followed a path that runs against relations of friendship and cooperation. This correlates with the fact that the liquidation of the past, a fundamental problem in DPRK-Japan relations, remains unsolved.

Leaving untouched the centuries-old accumulated and smoldering hard feelings between the DPRK and Japan, no fundamental improvement can be expected in DPRK-Japan relations.

The destiny of DPRK-Japan relations hinges on how to solve this problem of liquidating the past, which lingers on as a historical task.

As everybody knows, Japan is a country that committed enormous crimes against our people in the past. No spoken or written words can describe the misery, pain, and catastrophe our people suffered under Japan's colonial rule of almost 40 years after Japan had attacked and occupied our country, wielding guns and swords.

With the unprecedented and most brutal method of colonial rule, Japan tried to annihilate the Korean nation and permanently eradicate the country named Korea from the earth.

In the past, Japanese imperialism perpetrated such unprecedented criminal atrocities, which made both God and man indignant, as dragging away some 200,000 Korean women as sex slaves for its army; forcing about six million Korean youth and men into slave labor camps and onto battlefields; and massacring as many as one million innocent Koreans.

Japanese imperialism even tried to exterminate the soul of our nation by enforcing the policy of making Koreans the subjects of its empire, and by changing the origins of names, a policy aimed at depriving Koreans of their language, writing, and names.

It did not stop here, for from the first when Japan forcefully occupied our country, Japan indiscriminately destroyed and looted the valuable cultural heritage which our people handed down from generation to generation; depredated a slew of underground resources and material property and wealth which were filled with our people's blood and sweat; and in the end, even went for our spoons and bowls.

Though there have been robbers who made a living out of destruction and depredation, there has not been such a depredator as Japan, which even squeezed the spoons out of another country's land.

No Korean was exempt from the damage inflicted by Japan.

If someone commits a crime, he should pay for it. In terms of both legality and morality, it is matter-of-course for a perpetrator to acknowledge the responsibility of the outcome of his criminal act; to be punished for it; and to apologize to and compensate those who suffered by his criminal act. This is a practice applied to relations among countries as well as among individuals. This being the case, Japan, which committed crimes against our people, should have apologized and compensated us for its crimes as a state. No excuse is needed for this.

But how has Japan behaved over the half a century since its collapse? Its government authorities have evaded the liquidation of the past by exercising the unique Japanese connivance to the fullest, and on the contrary, have reached a point where it beautifies their past which is riddled with sins.

On the international stage, they made these absurd remarks without reservation: they did not commit any crimes; there is no international law that prescribes Japan's past activities as crimes; and even if they admitted perpetrating a crime, it has already been liquidated.

On the other hand, political leaders at home took the lead in describing the war of invasion as one of liberation, and used deceitful propaganda as if they had not perpetrated any criminal acts in the first place. In addition, the kingpins who had planned and orchestrated the policy for a war of invasion, and those who were labeled as their culprits and who faced ignominious deaths, are honored as heroes; public opinion is being swayed as if Japan is some sort of victim.

Recently, it has come to a point where the top-ranking person in authority prayed for the special war criminals who pushed human beings into that horrible calamity and catastrophe.

No matter what kind of trick Japan tries to play in justifying its past crimes, it cannot duck its responsibility and compensatory obligation for them.

The world recognizes in unison that Japan refuses to honestly repent its sinful past, and above all, refuses to completely liquidate the crimes its perpetrated against the Korean people.

The lack of will to square off the past cannot be interpreted in any other way, except that they will perpetrate such crimes again when the proper opportunity presents itself.

Let us make clear that Japan has liquidated none of its crimes against our people, which keeps it from clearing itself of the disgrace of a criminal state.

The DPRK and Japan remain in hostile relations because of Japan's erroneous attitude and stance, which refuses to take due legitimate responsibility and moral obligation as an offender who must apologize to and atone for its victim.

Therefore, the best way to dispel the hostile relations between the DPRK and Japan hinges on Japan liquidating its past. The hostile relations between the DPRK and Japan will not be dissipated without a liquidation of the past.

The normalization of DPRK-Japan diplomatic relations is for establishing good-neighborly and friendly relations between the two countries. Accordingly, this will be achieved only when the liquidation of the past is achieved.

Unless Japan squares off its past, a past that inflicted indelible tribulations, misery, and tremendous damage on our people, then the hostile relations between the DPRK and Japan will never be dispelled, nor will normal good-neighborly and friendly relations be established.

The question of squaring off the past, which remains as a loose end, particularly between the DPRK and Japan, is a fundamental factor in continuing the hostile relations between the two countries. The hostile relations between the DPRK and Japan are an unstable factor for the Korean peninsula and Northeast Asia.

The Japanese authorities are raising their voices at the top of their lungs about their own theory on contingencies on the Korean peninsula.

Have the Japanese authorities thought about what will become of the hostile relations between the DPRK and Japan if these contingencies occurs?

If Japan clings to the lean-to-one-side policy toward South Korea and continues its hostile anti-DPRK policy, turning away from the changed reality and obsoletely

shirking its responsibility to square off the past, it is not hard to imagine this will inevitably have a grave impact on the safety not only of the political situation on the Korean peninsula but also for Japan.

The Japanese authorities caper around, misunderstanding our Republic and our people. They are not aware that we are totally different from the subservient and traitorous group in South Korea that consists of pro-Japanese traitors trained by themselves, and which continues to last under their offspring.

Today, in our Republic, the first revolutionary generation that acquired the independence of the fatherland through waging the heroic anti-Japanese war opposed to the invasion of Japanese imperialism stands at the front of the party, the governing organ, and the army. Their offspring are inheriting the revolutionary spirit of the anti-revolutionary martyrs and seniors.

In order not to repeat such a disgraceful history, our party and government is educating newly born generations, or those who are young, about the previously Japan-committed inhuman crimes which inflicted all kinds of misfortunes, tribulations, and excruciating history upon our people. This work is reinforced far more greatly under the current political situation.

Our people's animosity against Japan has been formed historically and handed down from generation to generation. Japan evokes the grudge of our people, at present as well as in the past. Even the offspring of the immediate victims of Japan count the accumulating price of Japan's crimes.

Just as overdue debts invite more interest, the more Japan delays squaring off the past against us, the greater becomes its crimes. Our people's grudge and indignation against Japan, which has the nerve to describe the liquidation of the past as if it were some kind of favor to us, penetrates the sky.

There is a limit to the patience of our people, and we do not like futile words. We put into practice what we decide. As the saying goes, a criminal sleeps in a crouch. And so the Japanese authorities should clearly realize they cannot sleep in peace without paying for their past crimes.

It does not matter whether the normalization of DPRK-Japan diplomatic relations is achieved. However, the question of Japan liquidating its past can never be shunned or postponed. Japan will never be safe without squaring off its past. Our people will definitely make Japan pay for its past crimes.

DPRK: Ministry Spokesman on Japan's Claims to Tok Islet

*OW1208131796 Pyongyang KCNA in English
1017 GMT 12 Aug 96*

[FBIS Transcribed Text] Pyongyang, August 12 (KCNA) — The spokesman for the Foreign Ministry of the Democratic People's Republic of Korea gave answers to questions put by KCNA on August 12 in connection with the fact that Japan and South Korea are these days discussing the issue of setting up a 200-mile economic zone.

He said:

As already reported, Japan and the South Korean authorities are now holding negotiations on the issue of setting up a 200-mile economic zone.

The point at issue is that they agreed to shelve "differences about the dominion over Tok Islet".

It means that they admitted the existence of the "issue of Tok Islet".

It is well known a fact that the Japanese authorities are openly revealing again their wild ambition to expand their territory, claiming that Tok Islet, an inviolable territory of Korea, belongs to them.

In June, Japanese Prime Minister Ryutaro Hashimoto prattled without scruple, "there is no change in Japan's stand toward the dominion over Tok Islet."

This is an encroachment on our inviolable territory and the sovereignty of the entire Korean nation.

From olden times, Tok Islet has been our territory. Accordingly, there is no need at all to discuss the issue of dominion over the islet.

Nevertheless, the Japanese authorities are vociferating about "negotiations" and "reservation" over the fictitious "issue of Tok Islet." This is the height of shamelessness.

Worse still, refusing to atone for its past crimes to the Korean people, Japan is claiming that Tok Islet, a part of our territory, belongs to it. This fully exposes Japan's ambition for territorial expansion and its moves to reinvade Korea. It also reveals that its shamelessness and arrogance have reached an extreme pitch.

If Japan violates even a stone or a blade of grass in our inviolable territory, the Korean people will frustrate it with a merciless blow.

The dominion over Tok Islet belongs to US from both the historical and the legal point of view.

The Japanese authorities would be well advised to look squarely at the will of the Korean people and stop running amuck with a fantastic dream.

DPRK: Paper Commentary on 'Comfort Women' Issue Cited

*OW1208131596 Pyongyang KCNA in English
1009 GMT 12 Aug 96*

[FBIS Transcribed Text] Pyongyang, August 12 (KCNA) — NODONG SINMUN today accuses the Japanese authorities of continuing to impudently try to avoid a state compensation for the crime against the "comfort women" and hush up Japan's wrongdoings in the past.

They said they would notify nations and regions concerned that some former "comfort women" would be given "lump grant" on August 15, the day of the Japanese imperialists' defeat. And they intend to unilaterally take the way of paying only those who demand compensation within five years.

In a commentary the daily says the crime against the "comfort women" is neither a thing to be resolved by "lump grant" nor a matter to be settled with limited nations and regions.

It can be settled only when Japan's state compensation based on the acknowledgement of its responsibility in view of international law reaches all of some 200,000 victims, not only those who are still alive, the daily notes.

It further says:

The Japanese authorities' trick is aimed at making no state compensation for the crime against the "comfort women".

The crime is a serious violation of human rights the prescription of which is not extinctive [as received] in view of international law. So, the victims can demand a compensation any time until the issue is properly solved. This is their inviolable right. The Japanese authorities' intention to set a specified period of its settlement is a challenge to international law and another crime against the victims.

Japan has done nothing for US in the settlement of the past. We will continue condemning the Japanese imperialists' crimes through generations and receive a state apology and compensation from the Japanese authorities without fail.

**DPRK Official Interviewed on Measures To Open
Airspace***SK1208054796 Pyongyang KCNA in English
0506 GMT 12 Aug 96*

[FBIS Transcribed Text] Pyongyang, August 12 (KCNA) — The spokesman for the DPRK General Bureau of Civil Aviation in an interview with KCNA today said measures are being taken to open the territorial airspace of the DPRK.

He told KCNA:

We officially expressed our stand to allow all civil aircraft of the world to pass through our airspace a long time ago. And we joined the international air passage agreement in January last year.

Accordingly, we and the International Air Transport Association have discussed and agreed on some practical measures to guarantee [words indistinct] aircraft through our airspace.

The International Air Transport Association announced on August 2 that the DPRK will allow all international civil aircraft to pass through its airspace from December this year.

This is patent proof that our measures to open the airspace are being promoted in real earnest at the practical stage.

Now the International Air Transport Association and all the civil aviation companies of the world warmly welcome this as one of great events in international civil aviation, adding that passage through the DPRK airspace is economically effective as it would lessen the time of flight by far, reduce the consumption of fuel and help save a lot of expenses.

Some dishonest forces are spreading false rumours about our measures of opening the airspace for the sinister political purpose of slandering the DPRK, but they will only be ridiculed and scorned by the international community. We are doing our best to promote convenience in international civil aviation and will welcome and actively help the passage of all civil airliners through our airspace.

**DPRK: Report Commemorates Nationalizing
Industry***SK1108015196 Pyongyang Korean Central
Broadcasting Network in Korean
0802 GMT 9 Aug 96*

[Commemorative report by Hong Sok-hyong, alternate member of the Political Bureau of the Workers Party of Korea Central Committee and chairman of the State Planning Committee, at a report meeting to

commemorate the 50th anniversary of the promulgation of the law put forth by Kim Il-song on nationalizing major industries, held at the People's Palace of Culture — live]

[FBIS Translated Text] Comrades. Today, at a time when the entire working class and workers throughout the country are vigorously carrying out the struggle for the prosperity and development of my country and my fatherland by highly upholding the great party's leadership, we are significantly commemorating the 50th anniversary of the promulgation of the law on nationalizing major industries. Fifty years ago, the great leader [widaehan suryong] Comrade Kim Il-song promulgated the law on nationalizing major industries. This was a historic event of epoch-making significance in the development of our revolution and our people's struggle to build an independent national economy. [applause]

As a result of nationalizing major industries, our working class not only became masters of their sovereignty, but also became dignified masters of plants and the means of production. In addition, the leadership command and role of the working class in all sectors of the state's social life were further strengthened.

The great leader [widaehan suryong] Comrade Kim Il-song put forth our working class as masters of the country and the means of production, and embraced an independent and creative life for our people. He devoted all kinds of pain and energy to build a socialist state that elucidated self-dependence, self-support, and a self-reliant defense of this land. At such a time when we are welcoming the historic 50th anniversary of the promulgation of the law on nationalizing major industries, we are overflowing with determination to fight to the end to complete the chuche socialist cause by ruminating deep in our hearts the immortal leadership achievements of the great leader [widaehan suryong] Comrade Kim Il-song and abiding by the fatherly leader's [oboi suryongnim] behest. [applause]

Comrades. Economic life is a sector which has its basis in social life; becoming masters of the popular masses in economic life is an invincible demand for the successful realization of the socialist and communist cause. Whether the position and role of being masters of the popular masses is guaranteed in economic life, it is regulated in accordance with society's economic system, in particular the ownership system.

The desire of the popular masses that aspire to a new society free from exploitation and oppression is to put into their hands the means of production along with their sovereignty. Our people's century-old desire to become masters of the means of production by being

free from the suppression and exploitation of capitalism was brilliantly realized through the democratic and socialist revolution that was uniquely carried out in our country under the leadership of the great leader [widaehan suryong] Comrade Kim Il-song. [applause]

From early on, just as during the anti-Japanese revolutionary struggle, the great leader [widaehan suryong] Comrade Kim Il-song, who put forth change in the economic system while carrying out the independent cause of the popular masses as one of the fundamental problems, elucidated the problem of liquidating the economic basis of the Japanese imperialists' colonial rule as an important content of the anti-imperialist and anti-feudalist democratic revolution; this ideology was materialized in accordance with the new historic conditions following liberation, and thus, on 10 August 1946, the historic "Law on the Nationalization of Industries, Transport, Communications, Banks, and So On" was promulgated. [applause]

The great leader Comrade Kim Il-song has noted: The nationalization of industry is an important reform that pulls down the economic foundation of colonial subjugation and lays the foundation for building the independent national economy. Without the nationalization of industry, it is impossible to achieve true economic independence or build a rich and strong democratic Korea.

The policy on nationalizing industry put forth by the great leader Comrade Kim Il-song was a wise policy that enabled the independent demand of the working popular masses to be liberated from the imperialist and colonial exploitation and oppression, and allowed the masses to become the masters of the economy most thoroughly, in conformity with the country's reality. At the same time, it was an original policy of our own style that excellently embodied the demand of socialism, that is, the continuous revolution. [applause]

Thanks to the law on nationalizing major industry, some 1,000 industrial facilities, which accounted for over 90 percent of the country's entire industry and which were owned by the Japanese imperialists and the subjugated capitalists, were confiscated without compensation to be owned by the state and all the people.

By nationalizing major industry, the source of misfortune which spawned all sorts of social misery in our country basically disappeared from the field of industry, and the major means of production were fully used for the self-reliant development of the national economy and the promotion of all the people's welfare.

By implementing the nationalization of major industry, the state-run economy occupied the leading position in the people's economy, socialist production relations

came into being, and a basis was provided for developing the national economy in a planned manner. This was a revolutionary change that for the first time in the Far East, completely liquidated the economic foundation of the imperialists and reactionaries in the country, which had bound the working class and the working people to oppression and capital exploitation. At the same time, it was a historic event that powerfully encouraged and stimulated the struggle of the revolutionary people of the world who opposed colonial subjugation. [applause]

The great leader Comrade Kim Il-song put forth and brilliantly solved the problem of nationalizing industry as an important historical task in the stage of the democratic revolution. By so doing, he liquidated the economic foundation of the Japanese imperialists' colonial rule and all sorts of social misery, and built a firm foundation for progressing smoothly toward the socialist revolution.

The great leader Comrade Kim Il-song—who vigorously pushed ahead with the work of pioneering the way to socialism not only during the building of a new country after the liberation, but also during the fierce blaze of the war—put forth his original line of the socialist revolution after the war and brilliantly realized the socialist reform in production relations in urban and rural areas. By so doing, he ultimately eliminated the source of exploitation and poverty and firmly established an independent socialist system in this land.

As the result of completing socialist reform, social ownership ruled monolithically in our country, a socialist economic system was established, and a wide road was opened to rapidly develop the country's production capability based on it. [applause]

The success in the social and economic change attained in the democratic revolution and the socialist revolution under the wise leadership of the great leader Comrade Kim Il-song was deepened and developed even further in the process of continuously strengthening the socialist economic system and accelerating the construction of the self-reliant national economy.

After the completion of the socialist reform in the production relations, a very important issue is how to improve and intensify the guiding and managing of the people's economy while solidifying the socialist economic system and ownership system, highly displaying its superiority, and successfully building the socialist and communist system.

The great leader Comrade Kim Il-song, from an independent position, originally solved the important problem of establishing the system and method of economic management in conformity with the new environment

where socialist reform of production relations is completed and the socialist system is established. Therefore, the socialist economic system continuously solidified and developed, and there was great progress in socialist economic construction. [applause]

Under an environment in which the Taean Work System and new farming guidance system conceived by the great leader Comrade Kim Il-song have been fully carried out, the position and role of the producer masses — the masters of the means of production — have been immensely enhanced in our country; the superiority of the socialist economic system has been highly displayed; and socialist economic relations have been endlessly developed and consummated with the advancement of the revolution.

The vitality of the socialist economic system established in our country has been clearly proven and fully displayed through the struggle to carry forth our party's lines and policies on developing the creative socialist economy.

Under the wise leadership of the party and the leader [suryong], our people have vigorously waged the struggle to implement the lines of the chuche-based socialist economic construction. Thereby, they have firmly built up a foundation for an independent national economy in a short period and turned our country, which was a backward, colonial agrarian country, into a socialist industrial country equipped with a powerful heavy industry, a modern light industry, and a developed agricultural economy.

Through our practical experiences, we can say with high pride that the socialist economic system established in our country is truly a popular masses-centered economic system that brilliantly ensures the working popular masses' role and position as masters of the economy and masters of production in accordance with the intrinsic demands of a socialist society. It is also a most superior chuche-based socialist economic system that spurs the development of the country's productive forces. [applause]

Truly, the respected and beloved leader Comrade Kim Il-song, looking into the distant future of our revolution, laid firm foundations for the socialist economic system at the stage of the democratic revolution and highly displayed the superiority of the chuche-based socialist system. Thus, he built the powerful chuche-based socialist national economy with our own efforts, natural resources, and technology. This is not only an asset of eternal value for the happiness of posterity and for the boundless prosperity of the fatherland, but also an immortal historical feat that will shine down through generations. [applause]

Under the outstanding and tested leadership of the great leader [yongdoja] Comrade Kim Chong-il, who is brilliantly carrying forward the fatherly leader's cause of building the socialist economy, our socialist economic system has been further cemented, its superiority has been highly demonstrated, and the country's economic strength has been greatly consolidated. [applause]

In conformity with the lawful demand of the socialist society's development and the demand on imbuing the entire society with the chuche idea, the great leader [yongdoja] Comrade Kim Chong-il has endlessly strengthened the socialist economic relations and has led us to scientifically and reasonably manage and operate the economy on this basis. In so doing, he has highly demonstrated the superiority of the socialist economic system.

Taking a firm grip on the revolutionary principle that the socialist economy, where the popular masses are masters of the means of production, should be managed by the masses in any case, the respected and beloved general has energetically led us to consistently adhere to and implement the chuche-based economic management system and strengthen the party's guidance over economic work.

Under the wise leadership of the respected and beloved general, the Taean Work System has been implemented and the guidance on economic work and based on politics has been strengthened in conformity with the requirements of the developing reality. Therefore, all economic works have proceeded in accordance with the demands of party policies, the opinions of the masses have been correctly reflected in economic management, and the responsibility of functionaries and the conscious enthusiasm of workers in implementing economic tasks have increased incredibly.

As a result of the thorough implementation of the principle on chuche-oriented guidance and management, the superiority of the socialist economic system has been fully displayed, and on this basis the chuche-orientation, modernization, and scientification of the national economy have been vigorously pushed ahead. This propelled the rapid development of our socialist independent national economy to a new and higher level.

Overall, our independent industry greatly expanded its production capacity; its standard of technology and equipment was more greatly enhanced; and its sectoral structure was improved, thereby further strengthening its self-reliant nature and might.

Despite the acute political military confrontation with the enemies, our heroic working class and soldier-

builders vigorously waged the great construction struggle to increase the production capacity of the major sectors of the people's economy and to accelerate its modernization, thus further solidifying the material and technological base of our own style of socialism.

In particular, the officers and men of our People's Army built the great monumental creations of the era of the Workers Party of Korea, such as the Sohae Lockgate and the Kumsangsan Power Station, doing so with the high revolutionary spirit of soldiers, defending the defense line of the socialist fatherland, and excellently contributing to building these lasting assets for the prosperity and the strengthening of our country, our fatherland. [applause]

The great technological progress and assets of civilization made throughout our country in recent years under the leadership of the great party, despite the grave situation, intensively display the inexhaustible creativity of our people and the superiority of our socialist economic system. At the same time, they proudly demonstrate the might of our country's self-reliant socialist national economy. [applause]

The victory our people have achieved in socialist economic construction under the leadership of the party clearly proves that the popular masses should maintain their position and fulfill their role as masters of the means of production, unperturbed by any fierce wind, in order to firmly defend the gains of the revolution and to effect continuous advances in production and construction. [applause]

Our party and people have been able to victoriously advance along the consistent road of socialism and communism in the whirlwind of history in which the fate of the revolution was at stake because they always firmly maintained their independent position and thoroughly implemented it.

The road of our revolution was rugged, and the waves of world politics became rougher with each passing day. Nevertheless, our party and people were not discouraged by what others were doing, but held aloft the red flag of the revolution and solved all the problems in our own style, firmly standing in an independent position. By so doing, they never permitted even a small return to capitalism, and were able to build the mighty self-reliant national economy which firmly supports the chuche socialist fortress materially.

Truly, the 50-year history since the great leader Comrade Kim Il-song promulgated the law on nationalizing major industry was a victorious history that clearly proved the popular mass-centered socialist economic system of our country, which embodies the chuche idea,

possesses an unmatched superiority and vitality. At the same time, as we approached the stern historical cross roads of socialism and capitalism, of a socialist social ownership system and a private ownership system, it was a glorious history that firmly adhered to the revolutionary principle and working class-oriented position, and that powerfully demonstrated socialist truth and invincibility. [applause]

The epochal changes and brilliant success our people have achieved in the revolution and construction, without perturbation or deviation despite the stern trials and struggle and following the single road of socialism, are the noble fruition brought forth entirely by the outstanding and tested leadership of the great leader and the respected and beloved general. [applause]

At this meaningful meeting to commemorate the 50th anniversary of the promulgation of the law on nationalizing major industries, and with the minds of the country's entire working class filled with admiration and loyalty, we present the immortal honor to Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, who has made every effort with his heart and soul for the sake of the fatherland's independence and the people's happiness; who has established the most superior socialist system for our people; and who has devoted his life to providing preparations befitting the prosperity of the nation. We present the greatest honor and warmest gratitude to Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, who firmly develops the chuche-oriented socialist system which was provided by the beloved and respected Leader [suryongnim] as well as the valuable heritage of the revolution, and who makes incessant advances in our own style of socialism, leading the entire party, the entire people, and the entire army along a single road of victory. [applause]

Comrades, our revolution, which has won victory after victory following the single road of the chuche-oriented revolutionary cause under the leadership of the party and leader [suryong], is at a vital turning point in history; our people are further exerting themselves and advancing toward a new victory with a faith and optimism in certain victory.

No matter how faraway and precipitous our revolutionary road may be, we should steadfastly follow only the single road of the chuche-oriented revolutionary cause, which was pioneered at Mt. Paektu, observing the behest of the great leader [suryong] Comrade Kim Il-song and following the party's leadership.

The great leader [yongdoja] Comrade Kim Chong-il pointed out: We should hold fast to our own style of man-centered socialism, which the beloved and

respected Comrade Kim Il-song provided; should make it further illustrious; and should complete the chuche-oriented socialist cause to the end.

To carry out the chuche-oriented socialist cause to the end, which the great leader [suryong] Comrade Kim Il-song pioneered and victoriously led, is the stonewall faith and volition of our party and people. [applause]

We should hold up the beloved and respected Comrade Kim Il-song as the leader [suryong] of our party and revolution for perpetuity; should firmly protect and cleave to the immortal revolutionary feats that were achieved by the fatherly leader [oboi suryongnim]; and radiate them for all ages. [applause]

We should effectively attend to the beloved and respected Comrade Kim Chong-il in order to cleave to the popular-masses-centered socialism of our country and to gloriously complete the cause of the chuche-oriented revolution by observing the behest of the fatherly leader [oboi suryongnim].

With revolutionary faith and obligation, all functionaries and workers should believe in and follow only the great leader [yongdoja] Comrade Kim Chong-il, in harsh as well as peaceful times [applause], and unyieldingly struggle along the single road of the revolution with one body and mind, faithfully upholding the leadership of the beloved and respected general. [applause]

An important question emerging from victoriously completing the chuche-oriented revolutionary cause is to continuously solidify the chuche-oriented socialist economic system and vigorously push ahead with socialist economic construction.

Enhancing the public ownership of the means of production is the legitimate demand of the development of a socialist society and a vital warrant for the victory of the socialist cause.

Historical lessons show that the revival of individual ownership, which is caused by falling for the so-called superiority of individual ownership which the imperialists and reactionaries rave about, and by giving up on public ownership, incurs competition with the survival of the fittest which inevitably brings about exploitation and oppression, and which degrades workers to be the slaves of capital.

All functionaries and working people should firmly defend the chuche-based socialist economy, which is a valuable gain of our revolution and a guarantee for the boundless prosperity of our country and our fatherland, from all kinds of interference from our enemies; should boundlessly cherish the socialist ownership system won

by our sweat and blood; and should devotedly struggle to strengthen and develop that system.

Ceaselessly improving and strengthening the guidance on and the management of the economy in conformity with the demands of the developing reality is an important condition for displaying the revolutionary zeal of the masses, as well as for developing production at a high rate by the superiority of the socialist economic system.

We should thoroughly implement the Taean work system, which was founded by the great leader [widaehan suryong] Comrade Kim Il-song, the superiority and vitality of which has been proven through actual practice; should fundamentally improve all economic management work in conformity with the demands of the reality; and should unsparingly inspire the limitless creativity of the popular masses so as to mark a new turning point in socialist economic construction.

All functionaries should always deeply involve themselves with the masses who are engaged in production, and should efficiently carry out political work and work with the people. They should inspire the working people to reward creation and feats, and should fulfill their honorable mission and role as loyal servants of the people. All working people should bear a high self-consciousness as the masters of production and actively participate in enterprise management, and should establish the revolutionary spirit in order to implement the assigned plans and tasks without fail by devoting all their energy and wisdom.

All sectors and units of the people's economy should vigorously wage the all-masses struggle to increase production and conserve material; should efficiently use the existing work force, equipment, and material; and should unsparingly mobilize internal reserves so as to maximize production. Economic guiding functionaries should methodically plan economic organizational work and production plans in conformity with the demands of the party's revolutionary economic strategy, and should highly display the revolutionary zeal and creative activeness of the masses as well as effect new upsurges in production and construction.

Facing a difficult and complicated situation, our people have firmly united in one heart and one will, and have exerted more efforts in the struggle. This is a proud revolutionary character of our people who, together with the party, have overcome numerous difficulties. [applause]

All functionaries, working people, and soldiers of the People's Army should unite like iron around the great leader [widaehan yongdoja] Comrade Kim Chong-il;

should highly raise the red flag of the revolution; should bravely overcome difficulties with the spirit of the arduous march and of indomitable revolutionary soldiers; and should take a larger step forward in socialist construction so as to unsparingly display the revolutionary character and heroic spirit of the Kim Il-song nation. [applause]

Our people, who fight for a just cause under the skilled and tested leadership of the great leader [widachan yongdoja] Comrade Kim Chong-il, will always be victorious. [applause]

Let us all firmly unite around the party Central Committee headed by the respected and beloved Comrade Kim Chong-il [kyongachanun kimjongil tongjirul subanuro hanun]; let us achieve a new victory in socialist construction; and let us vigorously fight on to expedite the consummation of the chuche revolutionary cause. [applause]

Hurrah for the revolutionary ideology of the great leader [widachan suryong] of our party and people, Comrade Kim Il-song! [applause]

Hurrah for the glorious Workers Party of Korea, organizer and guide [hyangdoja] of all the victories of the Korean people! [applause]

South Korea

ROK: Four Leading Economic Organs Plan To Attend DPRK Forum

SK1008015996 Seoul YONHAP in English
0120 GMT 10 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 10 (YONHAP) — South Korea's four leading economic organizations will participate in an international investment forum to be held in the Najin-Sonbong Free Economic and Trade Zone, North Korea, between Sept. 13-15.

They are the Federation of Korean Industries, the Korea Chamber of Commerce and Industry, Korea International Trade Association and the Korea Federation of Small Business.

The Ministry of National Unification said Saturday that the four organizations had submitted applications for approval after deciding to participate in the forum along with the business community.

The ministry has decided to allow each of the four organizations to send one representative to the international forum, along with the state-run Korea Trade-Investment Promotion Agency (KOTRA), and requested that they provide written notification identifying who will represent them.

KOTRA and the four economic organizations will lead South Korean participants during the North's gathering, and seek ways to assist companies, which are doing or hoping to do business in the socialist country.

The four economic bodies will also consult with officials from the North's External Economic Cooperation Commission on ways to build up inter-Korean economic cooperation, including the exchange of economic information.

KOTRA and the four economic bodies selected some 60 businesses from 200 hopefuls to participate in the Najin-Sonbong forum at a meeting Thursday, and later notified the ministry of their identity.

The ministry has yet to confirm the final list, but it has reportedly given the okay for 40 of the 60 companies that were selected.

ROK: Two Hanchongnyon Students Leave Berlin for Pyongyang

SK1008003296 Seoul YONHAP in English
0013 GMT 10 Aug 96

[FBIS Transcribed Text] Berlin, Aug. 9 (YONHAP) — Two South Korean collegians left Germany Friday for the North Korean capital of Pyongyang to attend a "pan-national unification festival" there.

The two students are scheduled to arrive in Pyongyang Friday [10 August] aboard a Koryo Air flight to attend the General Conference of the North's National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon) as well as a pan-national unification festival sponsored by the alliance.

The two — Yu Se-hong, 25, a senior at the Choson University Dental College, and To Chong-hwa, 22, a senior at the Yonsei University Engineering College — are to visit North Korea as representatives of the Korea Federation of University Student Councils (Hanchongnyon).

They were scheduled to board a Koryo Air flight at the Schoenefeld Airport in Berlin for Pyongyang via Moscow, but changed the schedule because To's parents came to Berlin from Seoul to prevent their trip to North Korea.

To's parents, however, were not able to see their son as the duo got on an unscheduled train at a Berlin Station and arrived in Dusseldorf, where they boarded a flight heading for Moscow at 1:55 PM Friday.

Departing Seoul aboard a Korean Air flight Sunday, the students arrived in Berlin Monday via Paris.

In an interview at the National Alliance's Joint (South-North) Secretariat here Tuesday, they said they will also meet North Korean student representatives in Pyongyang, saying, "We plan to return home through the truce village of Panmunjom between Aug. 13-15 together with 200 North Korean representatives who will attend the sixth Pomchonghangnyon unification festival to be held at Yonsei University in Seoul."

ROK: 'Starving' Local Residents Reportedly Gather in Pyongyang

SK1108075396 Seoul CHUNGANG IL in Korean
10 Aug 96 p 3

[By Choe Won-ki]

[FBIS Translated Text] North Korea has suffered from a serious food shortage due to last year's floods. The recent flood is making August the worst month for North Korea. "Eating" has become the biggest issue, and death by starvation, escapees from the North, and famine-related diseases have become daily terms.

A notable occurrence from the intelligence gathered by the ROK near Yanbian, China, is the increase in migrants to Pyongyang. A diplomatic source who visited Pyongyang four times said: "It seemed the Pyongyang population has increased twice as much as compared with last year." The source added: "Thousands of people gather in a new market near Pyongyang." Instead of the North Korea currency, the Japanese yen, U.S. dollars, and foreign exchange certificates are circulated in the market.

An ROK Government official commented that the emergence of such a market in the strictly controlled North Korea, particularly in Pyongyang, is because starving local residents have gathered in Pyongyang, where rationing is better than in other areas. The Ministry of National Unification confirmed that the North Korean authorities have loosened controls in Pyongyang since April. The ministry is paying attention to the situation in which the loosening of controls was inevitable.

North Korean authorities are asking foreign ships arriving at North Korean ports to pay for anchoring fees with food instead of money. North Korea charges foreign ships 2 won per ton as entrance fee. According to the official North Korean exchange rate (2 won equals \$1), a 1,000-ton ship had to pay \$1,000. Recently, they asked for food instead of money from foreign ships entering the Najin Port in the east coast, bewildering the captains.

As the food shortage has been prolonged, North Korea has invented various substitute foods to survive. The

"speed battle powder" made of ground grains and corn has become an old name. Recent recipes are "vegetable rice" made of corn and the dregs of bean curd, and "pear porridge." Some people substitute vegetable soup for their meals.

North Korean authorities spread rumors to divert the people's complaints about food shortages. The rumor holds that "the food shortage is because of South Korea," which purchases rice from China at a high price, so China has no more rice for North Korea. Besides this, authorities are taking no other measures to overcome the food shortage. Because smuggling has increased at the border between North Korea and China, the Chinese Yanbian local government proposed to North Korea "to open a free market limiting trading to 5,000 yuan per person," but the North Korean North Hamgyong Province authorities have delayed their reply, saying "it is a matter to be decided by superiors."

ROK: Joint News Conference by 3 DPRK Defectors Noted

SK1208053096 Seoul YONHAP in English
0457 GMT 12 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 12 (YONHAP) — Public discontent with Kim Chong-il has been increasingly prevalent in North Korea due mainly to food problems, and the regime has stepped up propaganda indoctrination and surveillance of the people, three recent North Korean defectors said Monday.

In a joint press conference held at the Press Center in Seoul, Choe Sung-chan, 20, said that people in the North now openly complain that if they keep trusting the Kim regime, they would all die of hunger before long.

Choe, who was a brick factory worker in Kaesong just north of Panmunjom after finishing military service at a special warfare unit, said that with people desperate to make more money to meet the skyrocketing prices of food on the black market, many people engage in private commercial dealings.

"In the past, there was only one farmers' market in Kaesong. Now there are no fewer than five," he said.

At the markets, he said, people deal in illegally-obtained manufactured daily goods, home-made liquor, rice cake, corn pastry and the like.

In the past, Choe said, public security officers used to control those items. "Today, however, no control is made of these goods," he said.

In the worsening food situation, Central Workers' Party guidance officers tour local areas and tell people that

the food problem would be resolved once the Sonbong-Najin area is opened up or urge them to leave their loyalty to Kim unchanged, even if it means starving to death, he said.

Choe, who served at the People's Army 38th Airborne Brigade until July 1993, said the brigade keeps in store South Korean Army uniforms with the insignia of the tiger and key divisions.

Besides, he said, the brigade has a women's parachute platoon whose members are designed to infiltrate the rear area of South Korea for subversive operations as a contingency plan.

"After Kim Chong-il assumed the supreme commandship of the People's Army, training of special warfare troops has become more intense while their treatment has improved," Choe said.

He further disclosed that from July 5 to 6, North Korea distributed two days' worth of flour to every citizen in commemoration of the second anniversary of the death of Kim Il-sung.

The defector said that because international human rights organizations raised an issue over North Korea's labor indoctrination center holding criminals, the regime abolished the system this year and instead set up "labor training units."

Another defector, Ko Chun, 29, said that as the people's grievances have risen, the Pyongyang regime has further tightened its grip over the public.

"Public security and party authorities have woven dual or triple surveillance networks against the people," said Ko, who worked at a local materials procurement center.

Pak Chol-ho, 41, the third defector appearing at the joint interview, said the People's Armed Forces Ministry has recently extended mandatory military service by one year.

"The step came after Mt. Taedok outpost troops vowed before touring Kim Chong-il they would serve another year in a gesture of loyalty to Kim Chong-il," he said.

Pak was a food purchaser at a grocery in Kimhwa County, Kangwon Province, before his defection to the South a while ago.

ROK: Defense Official Describes Growth in DPRK Military

SK1208090996 Seoul YONHAP in English
0902 GMT 12 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 12 (YONHAP) — North Korea has strengthened its military in terms of both quantity and quality over the past one year despite

severe economic difficulties, the Defense Ministry said Monday.

The strength of North Korea's People's Armed Forces now numbers about 1,055,000, up 15,000 from last year and the number of army corps has increased to 20 from the previous 19 as a full-fledged regular army corps was set up and replaced a lower-level army district command in North Hwanghae Province, a ministry spokesman said.

Three conventional commands of the Air Force have been deactivated and in their place six divisions — three tactical, two air transport, and one training divisions — were created, an official said.

A tactical division is composed of four fighter regiments and one bomber regiment, the official said.

The navy strengthened its surprise attack capabilities by introducing 10 new vessels such as small-sized submarines for coastal operations and air cushion vehicles.

The official noted that such military build-up by the North has been recently confirmed by defense officials between South Korea and the United States.

According to the Korea-U.S. evaluation of the North Korean weapons system, the number of north's armored personnel carriers increased by 200 to a total of 2,800, while the number of field guns by 150 to more than 11,000.

Naval boats grew by 10 to more than 800 while the numbers of tanks and aircraft remained unchanged with 3,800 and 1,640, respectively, the official said.

North Korea has been engaged in building three Scud missile bases along the frontline areas since 1994, with the mobile Scud missile launchers being increased.

The official said North Korea seems to have concentrated on the qualitative military buildup for the past one year including the introduction of long-range artillery and small-sized submarines and the development of missiles.

He said despite the lowered discipline and morale of the Army due to a food shortage, North Korea's continued military buildup is a sign that the communist country has the will and capabilities to perform warfare independently at any time.

ROK Daily Urges Tougher Stance Against U.S. Trade Pressure

SK1208144096 Seoul TONG-A ILBO in Korean
12 Aug 96 p 3

[Editorial: "Snowballing Trade Deficit With the United States"]

[FBIS Translated Text] We need to review our trade policy toward the United States. We should release ourselves from our attitude to date in which we seemed to be pulled around all the time, and employ an open, aboveboard, and aggressive trade policy toward the United States in which we are resolute in insisting on our positions and in addressing our demands.

The ROK is now a country that has a trade deficit with the United States, and the trade deficit has been snowballing in recent years. Last year, our trade deficit with the United States totalled \$6.3 billion, or two-fifths of our trade deficit of \$15.6 billion with Japan. However, our trade deficit with the United States during the first half of this year was as high as \$5 billion, an increase of 37 percent over the same period last year, and it is approaching the level of the \$7.2 billion trade deficit with Japan.

This rapidly increasing trade deficit with the United States is partly attributable to the decline in exports of our major products that compete in the U.S. market with Japanese goods, a decline owing to the depreciation of the yen. However, analysis shows that the major cause of the deficit is the increase in our imports of ultra-modern capital goods, such as communications equipment, from the United States, and a rapid increase in imports of U.S. farm produce, such as beef and oranges, as the result of our market opening. This means we have opened our market to the utmost degree.

Nevertheless, the United States demands that we completely open our market in areas ranging from the communications market to the capital market. In demanding this the United States cites the cause of global free trade, however, it is in fact adhering to its own interests. It has been revealed that the United States has engaged in an unfair practice of giving tax exemptions on 30 percent of the profits earned by its exporters. Moreover, the greatest number of suits filed with the World Trade Organization (WTO) have been against the United States for its unfair trade practices.

Thus, there is no reason why we should accede indefinitely to U.S. demands. The government should introduce a strategic change to cope with the U.S. demand for opening our market, obtaining what we deserve by filing, if necessary, a suit with the WTO against the unfair practices of the United States.

ROK Dailies React to Kajiyama's Remarks on Korean Peninsula

SK1208090896

[FBIS Report] Local vernacular dailies on 10 August carry editorials criticizing the remarks reportedly made by Japanese Government's Chief Cabinet Secretary Seiroku Kajiyama at a seminar held in the Yamanashi Prefecture in Japan on 8 August on the possibility of street-fighting and guerrilla war between the pro-North Korean and pro-South Korean organizations in Japan in the event of an emergency on the Korean peninsula and that the reunified impoverished Korea might renew its demand for compensation from Japan once the U.S. presence ceases to exist in South Korea.

KYONGHYANG SINMUN carries on page 3 an 800-word editorial entitled, "The Japanese Leadership's Misconception of Korea." The editorial begins, "The recent remarks by the senior Japanese government officials on history and the situation on the Korean peninsula indicate that the Japanese moves to revive its militarism have surpassed the level of being vaguely likely, and are becoming a real threat." The editorial notes that although he apologized for his "oversight," his oversight brings to mind the more serious implication that Japan may be plotting a horrible scheme of taking advantage of the developments on the Korean peninsula. The editorial recalls how the Japanese took advantage of the Great Kanto Earthquake to massacre 100,000 Korean residents in Japan, and how the Japanese attacked and annexed Korea toward the end of the 19th century, and notes that a considerable number of Japan's senior officials are attempting to justify the Japanese war of aggression and colonial rule as being a part of the great trend of world history. The editorial says Kajiyama's remarks suggest that Japan prefers a divided Korea, and says, "The extraordinarily swift rice aid to North Korea last year by the Japanese Government arouses our suspicion that the Japanese Government's action was prompted not by humanitarianism, but by its strategy of prolonging Korean division."

The HANGUK ILBO carries on page 3 an 800-word editorial entitled, "We Should Be Vigilant Against the Background of the Outburst." The editorial expresses astonishment at Kajiyama's shocking remarks which were made at an official function, and notes the increasing rightist trend within Japan since Japanese Prime Minister Hashimoto came in power in January, and says, "The absurd assertion of Tok-to belonging to Japan, Prime Minister Hashimoto's visit to Yasukuni Shrine, and Kajiyama's remarks are all of the same vein." The editorial notes that the remarks came prior to the ROK-Japanese negotiations for the establishment of the exclusive eco-

conomic zone, and urges Japan to correct its distorted view of history on the Japanese war of aggression.

CHUNGANG ILBO carries on page 4 a 500-word editorial entitled, "Absurd Remarks by Spokesman for the Japanese Government." The editorial points to the seriousness of Kajiyama's remarks since they are directly linked to the present situation on the Korean peninsula and Japan's negative view of the Korean people. The editorial notes that Kajiyama's feelings of contempt for the Korean people are evident since he refers to them as hooligans who may perpetrate collective acts of destruction in another country, and that such remarks are likely to implant a bad impression of the Korean people in Japanese minds, thus breeding hatred toward the Korean people.

The HANGYORE SINMUN carries on page 3 an 800-word editorial entitled, "The Japanese Militarism Heading for Extremes." The editorial notes that Kajiyama's remarks reveal the intent of the Japanese ruling circles dashing toward militarist revival, and urges politicians and ordinary citizens to view Japan correctly and to carry out meticulous work to let the world know that the series of absurd remarks by Japanese officials for nearly half a century are nonsense uttered by those who ignore the history of reason and justice.

The MUNHWA ILBO carries on page 9 an 800-word editorial entitled "Kajiyama Should Be Called to Account for His Absurd Remarks." The editorial notes that Kajiyama's remarks reveal the feelings of prejudice and national discrimination that the Japanese people hold against the Korean residents in Japan and reveal that the Japanese politicians are jeopardizing ROK-Japanese relations with their prejudice and misconception. Recalling how the Japanese massacred Koreans in Japan in 1923 following the Kanto earthquake after spreading the false rumor that Koreans were somehow responsible for the damage, the editorial notes that Kajiyama's remarks have inadvertently revealed the conservative Japanese politicians's preference for keeping Korea divided. The editorial expresses particular bewilderment since the remarks in question were made by Kajiyama, who has so far been viewed as being one of the more reasonable Japanese politicians.

ROK: KIEP Urges Government To Sign OECD 'Antibribery Pact'

SK1208062196 Seoul THE KOREA TIMES in English
12 Aug 96 p 9

[FBIS Transcribed Text] The Korea Institute for International Economic Policy (KIEP) advised the government to join the global anti-corruption drive in commercial transactions.

It said in a report that the Organization for Economic Cooperation and Development (OECD) is likely to adopt a resolution to make bribery in foreign commercial transactions illegal.

OECD members might decide not to give tax exemptions to those involved in such bribery in their joint drive to root out corruption in multinational business deals.

Korea, as a future member of the OECD, must positively consider becoming a signatory to the OECD antibribery pact, KIEP said. It also called on the government to encourage non-OECD developing countries to join in the drive so that bribery is an exception, not a rule, in multinational commercial transactions.

It expects the OECD and the World Trade Organization to regard bribery in commercial transactions as a trade barrier. KIEP said Korea has become a focus of foreign media about the recent slush fund scandal involving two former presidents. It said corporate competitiveness should be decided by quality, price and service, not by the amount of kickbacks handed over in commercial deals.

According to an OECD draft on bribery, it exhorts enterprises to refrain from bribery of public servants and public office holders in their operations.

It said bribery is a widespread phenomenon in international business transactions, including trade and investment, raising serious moral and political concerns and distorts international competitive conditions.

The draft said all OECD member countries have legislation that makes the bribing of their public officials and the taking of bribes by these officials a criminal offense but only a few countries have specific laws making the bribing of foreign officials a punishable offense.

It said further action is needed on both national and international levels to dissuade both enterprises and public officials from resorting to bribery when negotiating international business transactions.

ROK: Politicians Oppose Nation's 'Hasty Attempt' To Join OECD

SK1208062796 Seoul THE KOREA TIMES in English
12 Aug 96 p 2

[FBIS Transcribed Text] It has become a fad for politicians to voice their opposition against what they claim is the current administration's hasty attempt to join the Organization of Economic Cooperation and Development (OECD).

Pak Chan-chong, the outspoken standing advisor to the ruling New Korea Party (NKP), was the first big-name

politician to ring the alarm on the expected adverse side effects to be caused by the nation's "premature" entry to the advanced economic powers' group.

Meeting with reporters Friday, Pak expressed concern that the government is making too many concessions out of its eagerness to join the OECD, a move he says will jolt the already feeble national economy.

Cho Se-hyong, acting president of the main opposition National Congress for New Politics (NCNP), was quick to chime in with Pak's apprehension, saying that the government policy is certain to bring about instability in the domestic financial market.

Cho, who is representing the NCNP during party president Kim Tae-chung's eight-day summer vacation in Guam, took issue with the government plan to advance the overall schedule of the full opening of the domestic bond market and expansion of soft loans and commercial credits.

"The government is hastily pushing the OECD entry for this year in total disregard of its destabilizing impact on our economy," he said. "President Kim Yong-sam, who is seeking the OECD entry to make it his main accomplishment during his tenure, should stop the rash attempt immediately."

Cho said the OECD issue will be a main topic of the press conference he will have today at party headquarters.

The minor opposition United Liberal Democrats (ULD) issued a statement welcoming the politicians' remarks opposing the nation's premature OECD entry.

ULD vice spokesman Yi Kyu-yang said, "We totally agree with NKP standing advisor Pak's concern about the economic confusion likely to happen in the wake of the opening of the domestic financial market, which is the precondition of Korea's entry to the OECD."

ROK: Direct Overseas Investment Increased 50.1 Percent in 1996

SK1008011896 Seoul THE KOREA HERALD
in English 10 Aug 96 p 8

[FBIS Transcribed Text] Reflecting the corporate push abroad, Korean overseas direct investment shot up 50.1 percent in the first six months of the year to \$2,859 million from a year ago.

The number of overseas investment cases edged up 1.1 percent in the first half to 825 from 816 the previous year, the Ministry of Finance and Economy said yesterday.

During the January-June period, investment commitments by manufacturing firms surged 51.6 percent to \$1,623 million from \$1,070 million a year ago.

The nonmanufacturing sector made investment commitments of \$1,236 million, up 48.2 percent from a year earlier.

Overseas investments by large corporations accounted for 79.2 percent of the total, while the per-case investment size increased to \$3.5 million from \$2.3 million.

Korean investment in Asian countries skyrocketed 59.1 percent to \$1,687 in the first half from a year earlier and to 59 percent of the total.

Investment in North American countries rose 122.9 percent to \$644.8 million and that in Central and Latin American nations zoomed 149.4 percent to \$230.7 million.

In contrast, Korean investment in European countries plummeted 44.6 percent to \$238.6 million from \$431 million a year ago.

China was the single largest receiver of Korean overseas investment. Investment in the nation shot up 40.6 percent to \$801.7 million from \$570.2 million a year ago, the ministry said.

The surge in overseas direct investment is seen as a sign of a growing corporate trend here to shift production overseas in a bid to lower costs.

Citing high wages, land prices and interest rates, domestic corporations have recently been jumping on the bandwagon of "an offshore rush."

Conglomerate after conglomerate have announced huge overseas investment projects, raising concern over the possible hollowing out of domestic industries.

ROK: Sri Lankan President Addresses Economic Cooperation Meeting

SK1208064396 Seoul YONHAP in English
0618 GMT 12 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 12 (YONHAP) — Sri Lankan President Chandrika Bandaranaike Kumaratunga expressed her hope Monday that her nation would induce more Korean investment in the future.

"Korea is increasingly becoming one of Asia's exporters of capital, and what I would like to see is more and more Korean investors looking at the opportunities and emerging complementarities and selecting Sri Lanka as the host country for their investment," she said.

With a highly-skilled and trainable work force and policies aimed at developing an adequate infrastructure,

Sri Lanka holds vast potential for both Korean and foreign investors, she added.

"A ready opportunity is thus available for Korea's private community to contribute to Sri Lanka's development."

Kumaratunga, the first Sri Lankan head of state to visit the nation since 1984, was giving the keynote address at a joint economic cooperation meeting between Korean and Sri Lankan business circles.

She stressed the healthy ties between both nations, as evidenced by 93 Korean industrial projects on the island nation employing a total of over 45,000 and 43 more scheduled to begin soon.

She also expressed her thanks to President Kim Yong-sam for assisting her nation's effort to secure a loan of 100 million U.S. dollars from the World Bank after their meeting in Copenhagen last year, and for Korean developmental assistance for Sri Lanka.

Colombo is resolved to uphold democracy, prevent ethnic strife and conflict, and cleanse Sri Lanka of any irregularities or corruption, the president asserted.

"It is our deep conviction that the fabric of our social institutions will disintegrate if a concerted and persevering effort is not made to rid our country of irregular practices and wasteful expenditure of public funds."

Sri Lanka's new constitution will give more power to local regions in adopting a parliamentary style of government, she said.

An "important vehicle" for her nation's development is Colombo's privatization scheme, she noted, citing the privatization of Colombo Gas Company and the scheduled divestiture of Air Lanka and the National Development Bank.

Sri Lanka is also intent on developing its telecommunications services, power, ports, and transportation, Kumaratunga added.

Her government also intends to diversify the nation's exports, which now are heavily dependent on textiles and garments, into higher value and high-tech items, she noted, including those of agriculture, leather and rubber, ceramics and non-metallic minerals, information systems, tourism, light engineering and electronics.

Colombo is also taking a number of tax-reform measures on income and imports for the production of exports, with an intent to lowering taxes further over the long term, she said.

ROK: Reshuffle Attempt 'To Breathe New Life' Into Administration

SK1008010396 Seoul THE KOREA HERALD
in English 10 Aug 96 p 6

[Editorial: "Cabinet Reshuffle"]

[FBIS Transcribed Text] The chief of the nation's top economic apparatus and five cabinet members were replaced Thursday [8 August] by President Kim Yong-sam in an attempt to breathe new life into an administration hard pressed to mount vigorous reforms and repair a foundering economy.

The government portfolios affected by the shake-up were those of the deputy prime minister for economic affairs, ministers of information and communication, health and welfare, science and technology and the second state minister of political affairs. In addition, the President named the minister of the newly created Maritime-Fisheries Affairs Ministry and appointed the incumbent minister of information and communication as his new chief economic advisor at Chongwadae [presidential offices].

Though its scope was rather limited, the cabinet reorganization was significant, coming at a time when the Kim administration is moving from a formative to a mature phase: one which may see the materialization of its goals.

The new Deputy Prime Minister, Rep. Han Sung-su of the ruling New Korea Party, should prove a dynamo when it comes to carrying out the responsibilities of his office and restoring public confidence in the nation's economy. In the past, Han has displayed flexibility as well as firmness during the ruling party's most critical moments.

The final verdict on the new appointment, however, will be based not on his past credentials but on his future performance. Faced with the often elusive task of broadening the scope of economic growth without risking economic and social instability, the new deputy prime minister will need to find a happy medium between these often opposing objectives through careful coordination.

The retention of virtually all economic affairs ministers in the latest reshuffle reflects President Kim's firm policy objective to further stabilize the nation's economy in order to ensure sustained economic growth. It also indicates the President's continued confidence in his current team of economic ministers.

However, this economic team will need to tackle a host of challenges. One of the most serious of these is improvement of the international payments deficit

situation, which deteriorated over the course of this year. Official statistics showed a current account deficit of over \$10 billion in the first six months of the year alone, close to the \$12 billion goal set by the government for the entire year. The government needs to take immediate measures to spur exports while reducing imports. Price stability is another vital area requiring an efficient response.

Any heightened expectations are staked on the dynamic and creative role the reorganized cabinet is hoped to play in reinvigorating the economy and rallying the nation behind the causes of stability and development. It's time for both the government and the people to pool their resources and together build a strong and prosperous nation.

ROK: Cabinet Reshuffle Said Attempt To Reinvigorate Economy

SK1008010296 Seoul THE KOREA TIMES in English
10 Aug 96 p 6

[Editorial: "New Team of Economic Ministers"]

[FBIS Transcribed Text] In a Cabinet reshuffle Thursday [8 August] that was more extensive than expected, President Kim Yong-sam named a new team of economic ministers headed by Deputy Premier- Minister of Finance and Economy Han Sung-su.

The shuffle, conducted on the occasion of the creation of the Ministry of Maritime Affairs and Fisheries, was taken as an expression of President Kim's desire to see reinvigoration of the economy. Great expectations are being placed in the new team's ability to kick start the economy and break through the current difficulties.

Among the major problems are the decline in exports, the growing deficit in the international balance of payments and looming price hikes. These problems are not attributable to short-term, partial causes but to more fundamental structural defects for which the government does not have a silver bullet.

To elaborate, the greatest cause of the snowballing current- account deficit is industry's loss of international competitiveness as a result of higher costs and lower productivity and efficiency. To make matters worse, in the course of the opening of the local market and the move to globalization, consumers have tended to spend excessively on imported goods and on travel abroad.

The new economic team needs to create a fresh economic situation for entrepreneurs, employees and all economic entities to encourage harder work, greater belt-tightening and steady long-term efforts to push ahead with industrial restructuring programs aimed at sharpening international competitiveness.

The team will also have to refrain from taking short-term economy- invigorating "quick fixes." At the same time, it must do away with confusion and disharmony among the different ministries and with the ruling party in mapping out major policies to avoid flustering the people by sending out confused signals.

Noteworthy in this respect is the inclusion in the team of three lawmakers from the party. Rep. Sin Sang-u's responsibility is especially great as a rare seven-term Assemblyman in his new position as minister of maritime affairs and fisheries.

The new deputy premier for economic affairs, meanwhile, is asked to do his best in coordinating economic policies, exercising his influence to overcome individual ministries' egotism and inappropriate pressure from political circles.

In particular, the chief economic minister is called upon to bear in mind the principle that all economic issues must be solved with economic means with political intervention in economic affairs minimized. This is the only way to promote the economy in the truest sense and to prevent mistaken politicking approaches being employed ahead of the next presidential election in December next year.

ROK: New Deputy Prime Minister Interviewed on Economic Policy

SK1208090796 Seoul MAEIL KYONGJE SINMUN
in Korean 9 Aug 96 p 3

[Interview with Han Sung-su, newly appointed deputy prime minister and minister of finance and economy, by Mun Chae-wan in Seoul on 8 August; first three paragraphs are MAEIL KYONGJE SINMUN introduction]

[FBIS Translated Text] Han Sung-su, the newly appointed deputy prime minister and minister of finance and economy, pointed out that the most important task is to stabilize common people's lives, and said that he would focus on stabilizing prices.

The newly appointed Deputy Prime Minister Han met with a group of reporters at his home in Nonhyon-dong, Kangnam-ku, Seoul, on 8 August. He emphasized, "Creating an atmosphere for businessmen to trust the government's policies and work hard is more important than short-term policies to increase exports." His remarks indicate few changes in the existing economic policy based on price stabilization and improvement of the inefficient economic structure.

The questions and answers exchanged at the meeting follow.

[Unidentified reporter] The ROK economy is having difficulties. Please comment on this.

[Han] There is no magic for the economy. Future economic policy will be adopted in accordance with principles, and will focus on regaining the people's trust. The economy is the people. The growth of the ROK economy is the fruition of the hard work of businessmen, workers, and economic officials.

People are saying that morale is low in Kwachon (where the economic departments are located). It is also important to encourage economic officials so that they assume an attitude of serving the country.

[Unidentified reporter] What is your assessment of the ROK economy?

[Han] Structural problems do not emerge during good times. Some structural problems have emerged, but that does not mean we are in a depression. It would make foreigners laugh if we were to call a 7-percent economic growth rate a depression.

The growth is not bad, and we do not see significant problems in limiting price rises to 4.5 percent this year. The international balance [of trade] is difficult due to external rather than internal factors. However, semiconductor prices are rising, and the international balance [of trade] will improve in the second half of the year. Let us wait and see. Being too pessimistic may give you a wrong view.

[Unidentified reporter] Would you consider an early pump-priming policy?

[Han] We have to thoroughly assess any side effects when adopting a short-term policy. I will tell you more after I receive a status report.

[Unidentified reporter] Business circles want a short-term policy to promote exports.

[Han] Making companies trust the government policy is as important as short-term policies. I will give you more details after I receive a report from working officials. Please wait.

[Unidentified reporter] How would you make policy?

[Han] I will try to renew the atmosphere and strengthen the team work of the economic teams. Making people trust the government policy is more important than the contents of a policy. This is the objective of the new economic team.

[Unidentified reporter] Would you maintain the existing policy on conglomerates?

[Han] The concentration of economic strength is not only against the principle of equity, but also erodes

efficiency. It is desirable to dilute the concentration. The question is how. I need some time to familiarize myself with the situation.

[Unidentified reporter] How are you going to make harmony with Yi Sok-chae, senior presidential secretary for economic affairs?

[Han] We worked together when I was the Chongwadae [presidential offices] chief of staff, and Senior Secretary Yi Sok-chae was vice minister of finance and economy. Senior Secretary Yi has an outstanding ability and good knowledge of the general economy. I am familiar with the Chongwadae atmosphere, so I am certain we will make a good duet.

[Unidentified reporter] With the presidential election scheduled for next year, it is said that political theory will dominate economic theory.

[Han] I do not believe one can play tricks with economic policies. I will work according to principles, and so will other economic ministers.

[Unidentified reporter] The labor issue will become an important issue in the second half of the year.

[Han] The labor issue is being examined by the Labor-Management Relations Reform Committee. I will observe the process.

[Unidentified reporter] What do you think about the privatization of public corporations?

[Han] I approve of privatization to promote competitiveness in the private sector. If the efficiency of corporations can be improved by private companies, we should boldly carry out privatization. You will have to wait for more details.

[Unidentified reporter] What is the basic policy on OECD [Organization for Economic Cooperation and Trade] membership?

[Han] Our economy has grown. Unlike in the past, we are affected by foreign countries, and affect other countries as well. We are trying to enjoy rights while taking responsibilities.

Globalization costs, has its pain. If the side effects of opening up are less than the gains, we should do it. We have the lesson from a hundred years ago when conservatives nailed down reformists and eventually led the country to ruin.

Instead of fearing the effects of OECD membership on the ROK, such as an influx of foreign capital, interest rates, and exchange rates, we should prepare measures to minimize the side effects.

[Unidentified reporter] What is your economic philosophy?

[Han] I believe in the market economy.

ROK: Han Sung-su Calls Price Stability 'Top Priority'

SK0808122496 Seoul YONHAP in English
1210 GMT 8 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 8 (YONHAP) — Newly appointed deputy prime minister Han Sung-su said Thursday he would place top priority on stabilizing prices.

"I call for price stability because what is most important is to ensure the stability of the grassroots' livelihood," Han told reporters.

Along with the effort to stabilize prices, he said, his office would concentrate on improving the nation's international payments position.

Han, who is concurrent finance-economy minister, ruled out any exports perk-up steps, however.

"More important than short-term exports expedition policies is for industries to strive to improve economic structure through expanded investment," the new top economic official said.

He said this is not an economic crisis. "If we call it an economic crisis when our economy grows at the annual rate of 7 percent and price increase is mere 4.5 percent, foreign countries won't accept it," he said.

The theory of economic crisis, Han said, stems from the fact that various economic indices turned worse and international payments' position deteriorated compared with last year.

Regarding the issue of the country's entry into the Organization for Economic Cooperation and Development (OECD), the deputy premier said "we must take it if we can gain more than we lose, adding that globalization is bound to entail quite a pain. [quotation marks as received]

ROK: New Information, Communications Minister Interviewed

SK1208092896 Seoul MAEIL KYONGJE SINMUN
in Korean 9 Aug 96 p 4

[By reporter Yi Yun-sok]

[FBIS Translated Text] Right after the announcement of the cabinet reshuffle on 8 August, Kang Pong-kyun, newly appointed minister of information and communications, met with reporters at the office of the chief administrative coordination officer under the

prime minister, and expressed his impressions on his appointment and his future plans.

Minister Kang emphasized: "In step with opening the communications market, I will work to develop the information and communications industry as our country's important export industry."

He revealed: "I have been entrusted with a heavy responsibility at an important period. I will do my best. It seems that because I served as chairman of the Information Promotion Committee of the Office of the Prime Minister, it has helped me a lot in understanding our country's information and communications industry. I will unfold information and communications policy in preparation for the 21st century."

In connection with the U.S. demand to open the communications market, Minister Kang said: "I believe that the information and communications industry is an important export industry. Recently our economy has been having a difficult time due to stagnant exports. Therefore we must develop new strategic items, and this is no other than the information and communications industry. We must foster this industry as our country's prospective export industry. I will also carry out policy so that it will be in harmony with trade regulations."

He revealed the future direction of information policy by saying: "While serving as chairman of the Information Promotion Committee of the Office of the Prime Minister, I dealt with overall information policy, and when serving as assistant minister of the Economic Planning Board, I helped make basic law on promoting information. Based on this experience, I will work to establish a basic plan for promoting information according to each sectors."

Minister Kang also said that information is the key to becoming a unified world and a center of countries, and it is directly related to the national competitiveness of all countries. He expressed his aspirations by noting he will personally stand at the forefront and exert all efforts in the information and communications industry.

In particular, he emphasized that what is most important in serving as minister is to firmly consolidate a basis for the future of information and communications industry.

ROK: 'Mixed' Reaction to Maritime Minister Appointment Noted

SK1208041796 Seoul THE KOREA TIMES in English
12 Aug 96 p 8

[By staff reporter Sim Chae-yeon]

[FBIS Transcribed Text] When Sin Sang-u, a lawmaker of the ruling New Korea Party, was named minister

of the embryonic Ministry of Maritime and Fisheries Affairs, the response from ministry officials was mixed.

Some expressed concern about Sin's possible inability to deal with affairs in which he is not well versed due to his long career as a lawmaker.

But others revealed hope that Sin will be able to carry out his duty by showing strong leadership and harmonizing the different interests of the ministry with an apparatus drawn from many other ministries.

Well aware of the difficulties the minister faces, Sin has made it clear that he will put top priority on carrying out effective marine-related policy and coping with possible conflicts and inefficiency at the inter-ministry level.

"I will put my all into harmoniously integrating missions which have been hitherto scattered among 12 different ministries," he said in an interview.

"I believe that President Kim decided to set up the new ministry to make the nation a major marine power, despite the repeated promise of small government," he said.

In a sense, the establishment of the maritime and fisheries ministry is the call of the times as the nation has come up against limits in its efforts to develop land-based resources, he said.

Stressing that he comes from a fishing village near Pusan, he said he has a deep understanding of the life of fishing people and the concerns of the sea.

In fact, he has shown a fervent desire to do a good job, receiving briefings from officials of the now defunct Korea Maritime and Port Administration and National Fisheries Administration at his office in the National Assembly from the point of being informed of his appointment on Aug. 8.

The seven-term lawmaker has shared a political career with President Kim Yong-sam mainly in the opposition camp. In 1971, he served as chief secretary to then opposition leader Kim.

But he dealt a blow to Kim at one point when he joined the defunct Democratic Korea Party, created in 1980 as a fraction opposition party during the Chon Tu-hwan administration.

In National Assembly, he has served as chairman of the Committees for Defense and Information.

A graduate of Korea University, Sin, 60, worked as a journalist at the Pusan-based PUSAN-IIBO before entering the political sector in the early 1970s as a campaigner for then opposition Kim.

ROK: NKP Urges Lifting Ban on President's Electioneering

SKD908124696 Seoul YONHAP in English
1203 GMT 9 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 9 (YONHAP) — The ruling New Korea Party (NKP) moves to revise the integrated election law in a way that enables the president to engage in electioneering for his party candidate or candidates.

"It is structurally wrong for the election law to prohibit the president from campaigning simply because he is a public official," Son Hak-kyu, chairman of the NKP's 1st Policy Coordination Committee, said Friday.

He said his party would promote the law revision at the National Assembly Systems Improvement Special Committee set to begin functioning shortly.

But, opposition parties quickly denounced the move as "an attempt of the ruling party to use government power in next year's presidential election."

Son said the president, being the supreme ruler of the country, can engage in all sorts of political activities. "Thus seen, it is wrong to keep him from doing election campaigns, the acts most important among all political activities," he said.

A political source said that the ruling party is planning to have the election law revised to this end at the coming regular National Assembly session opening in September.

The NKP move, however, is bound to face determined resistance from the opposition parties.

"The government camp which used to have government ministers issue all sorts of thinly veiled campaign promises in all elections in the past in favor of ruling party candidates, now nakedly tries to legalize the government's election intervention," Pak Son-sok, deputy spokeswoman of the National Congress for New Politics (NCNP), said.

The New Korea Party should stop trying to legalize the president's election campaign and instead strive to revise the law on public officials so as to better ensure the strict impartiality of all public servants in elections, the NCNP spokeswoman said.

**ROK: Revision of Law on President's
Electioneering Viewed**

SK1208040196 (Internet) The Digital Chosun Ilbo
WWW in English 1140 GMT 11 Aug 96

[Editorial: "President's Election Campaign"]

[FBIS Transcribed Text] The ruling New Korea Party is planning to revise current law so that presidents can lead their election campaign. They cite as justification for this revision the ability of presidents of the opposition party to lead their election campaigns. They claim that it is unjustifiable in party politics to prohibit the involvement of the highest party leaders in their own election campaigns.

We do not think that it is desirable that presidents can actually lead their election campaign considering the unitary nature of the presidential office and our traditionally bureaucratic society. Korean presidents are known to practically possess more power than American presidents. In reality, Korean presidents have too much absolute power to be simply be called "president." For instance, although the American president holds much power, he can only appoint the attorney general and not the prosecutors under him. Moreover, his appointments to key positions are subject to clearance by a Senate hearing. Given the Korean president's ability to wield almost unlimited power as well as the bureaucratic nature of our society, which has been accustomed to following our president's wishes, allowing presidents to lead their election campaign will result in excessive exclamations of loyalty and involvement on the part of government officials.

It may not be illegal, but if the president is out actively running about in election campaign, his ministers will not just sit calmly still, nor will directors and other chief officials refrain from involvement. Moreover, other agencies with tremendous power and influence, such as the prosecutor's office, the police, intelligence, and the national tax office, will also not sit idly by.

If this proposal becomes law, there is no guarantee that all government officials will not effectively become presidential campaigners. There may be no government officials engaged in their own work during the period of the election campaign. Therefore, we believe that the president, as the leader of the people beyond any one political party, must carry out his duties and responsibilities to the people instead of diverting his and many other government officials' attentions to election campaign.

**ROK: New Assembly Committees Begin Work This
Week**

SK1208082596 Seoul YONHAP in English
0646 GMT 12 Aug 96

[FBIS Transcribed Text] Seoul, Aug. 12 (YONHAP) — Two special National Assembly committees designed to look into possible election irregularities and study ways to improve various existing systems, convened for the first time Monday.

Three party secretaries from the special committee on the parliamentary probe of the fairness of the April 11 general election met at the assembly to discuss the framework for its future activities.

The other special committee involved with systems improvement, is set to hold a plenary session Tuesday to discuss the scope of the laws subject to revision to better ensure election fairness in the future.

The future of the two special committees, scheduled to operate through next February, is by no means certain since the ruling and opposition parties are determined not to compromise on their respective party lines with next year's presidential election in mind.

The secretaries meeting of the special committee on parliamentary probe sought to select the electoral districts whose alleged election irregularities are scheduled for investigation.

Predictably, however, no accord was reached. The ruling New Korea Party proposed as the districts to be examined a total of 25 electoral areas where opposition candidates were elected while the opposition national congress of new politics put up nine districts swept by the NKP.

One of the hot issues facing the systems improvement committee is the move of the ruling party to rewrite the existing election law to allow the president to take part in electioneering and ministers and vice ministers to keep party membership.

But, the opposition party is strongly opposed to the idea, charging that the move is a thinly veiled attempt of the ruling camp to use government power in next year's presidential election in support of a ruling party candidate.

On the other hand, the opposition camp, through the system improvement committee, plans to hold public hearings on the "pro- government activities" of the prosecutor general and national police director.

The opposition parties also seek to create a prosecution personnel committee, introduce a special prosecutor

system and separate the national police from provincial police.

The ruling camp, however, rejects the opposition plan, contending that the idea, if enforced, would lead to the subjugation of the prosecution and police to political parties.

In addition, the ruling party seeks to prohibit political parties from interfering in the local election of the heads of county commissioners, small city mayors and ward chiefs while the opposition camp intends to have the National Assembly name the entire members of the broadcasting commission and to improve the existing political fund contribution system which it complains benefits only the ruling party.

Meanwhile, the officials of the NCNP and another opposition party, United Liberal Democrats, met Monday afternoon and agreed to closely cooperate with each other in the activities of the two special committees.

ROK: Power Shortage 'Feared' With Halt of Second Reactor

SK1208052296 Seoul THE KOREA TIMES in English
12 Aug 96 p 1

[FBIS Transcribed Text] A nuclear reactor at the Ulchin Power Plant stopped generating electricity at 11 a.m. yesterday after the water recycling systems failed to function properly, the Korea Electric Power Corporation (KEPCO) announced later in the day.

The power stoppage comes a week after another nuclear reactor in Yonggwang Plant in the southwestern part of the country stopped functioning because of a trouble in its steam generation system.

The stoppage of the two nuclear reactors are feared to lead to a power shortage at a time when power demand has been rising in the weeks-long sweltering weather.

"The stoppage of one of the Ulchin reactors is not serious because it was not related to any hitch in the nuclear safety control system," a KEPCO official said, predicting that the reactor will resume operation tomorrow.

Following the report on the stoppage of the reactor in the Ulchin Plant, Trade-Industry-Energy Minister Pak Chae-yun called an emergency meeting of officials of related government agencies and senior KEPCO officials yesterday afternoon to avert possible power shortage.

"Minister Pak asked for preventive steps against possible power shortage so that the current ratio of power reserve may remain at more than 5 or 6 percent of the demand. To that end, Pak ordered all related agencies to stand alert around the clock," a ministry spokesman said, emerging from the meeting at the KEPCO headquarters in Seoul.

In a related development, a joint inspection team comprising nuclear experts from the government and the private institutions completed their two-day safety checks for the steam generation system of the nuclear reactor in Yonggwang.

The results of the special inspection will be made public today, a Science-Technology Ministry official said.

Burma

Burma: Official Reports Thai Border Pass Set To Reopen 13 Aug

BK1208070796 Bangkok THAILAND TIMES in English 12 Aug 96 p A3

[Unattributed report]

[FBIS Transcribed Text] Tak: Thai and Burmese traders can cross border to do business on both sides of the border starting tomorrow following a bilateral agreement last week to reopen the checkpoint for cross-border trade at Mae Sot-Myawaddi, a senior Burmese official said yesterday.

Burma's Southeastern Commander Maj. Gen. Ket Sein, who inspected the border area with some 20 other Burmese authorities, said the government was prepared to open the checkpoint and to renovate its customs' office.

Ket Sein confirmed the checkpoint would be opened on Wednesday.

The Burmese commander has inspected roads near the border. Burma is surveying its road networks in the border areas in the past a few months in what was believed to be part of the government support for cross-border trading.

The checkpoint was closed since March 4 last year by the order of the ruling State Law and Order Restoration Council (SLORC) following a series of border disputes. An agreement was reached to reopen the border checkpoint during Foreign Minister Amnual Wirawan's visit to Rangoon last week. Amnual held talks with SLORC top leaders including its chairman Senior Gen. Than Shwe.

The Tak Chamber of Commerce in Mae Sot has invited the Myawaddi Chamber of Commerce for a meeting today to jointly work out preparations for the opening of the checkpoint.

Another agreement reached by both countries was to continue the work on the construction of the Thai-Burmese friendship bridge which was also halted by the SLORC last year.

Rak Tantisunthon, a MP for Tak province, said the Thai-Burmese cooperation in the bridge construction would be continued, adding at present, authorities from both countries were arranging for the matter.

"The arrangement will take two or three months," Rak said. "There should be no problems after reaching the agreement."

Burma: Khin Nyunt Criticizes 'Destructionists'

BK1108110596 Rangoon TV Myanmar Network in Burmese 1330 GMT 10 Aug 96

[FBIS Translated Excerpt] The closing ceremony of Special Refresher Course No. 22 for Basic Education School Teachers was held at the Central Institute of Civil Service in Hlegu at 0900 today. Lieutenant General Khin Nyunt, chairman of the Myanmar [Burma] Education Committee and secretary-1 of the State Law and Order Restoration Council (SLORC), attended and delivered an address at the ceremony. [passage omitted on attendees]

In his address, Secretary-1 Lt. Gen. Khin Nyunt said: To bring peace and to modernize and develop the country, the SLORC is building a new state with the strength of all the nation's people and by laying down firm convictions and objectives. In building a new nation, the strength of all the nation's people — the fundamental strength of the state — is being used as a foundation. That is why, the SLORC, with a national perspective, is upgrading the education and health standards of the nation's people. One can see that by laying down national education policies, the SLORC is making plans and arrangements for the emergence of a national education system that will assist the state's political, economic, and social objectives in reality. He added that that is why it is very important at present to produce patriotic technocrats and intelligentsia with modern educations who are willing to put forward their goodwill and who are willing to strive to develop the mother country by contributing their skills and expertise.

He said: Everybody knows that at present a group of destructionists with a fixed negative outlook — that the state's education standard is deteriorating, that there is no economic development in the country, that people are starving, that public services personnel are immoral, that the country can never be developed on a self-reliant basis, and that the country can be developed only with foreign assistance — is active in overtly propagandizing their West-yearning and foreign-reliant philosophies. This destructive force is sending false news on Myanmar, criticisms based on a negative outlook, and fabricated reports to certain foreign neocolonialist countries and new agencies under their influence, and one can also see that they have laid down plans and are working in coordination to tarnish the prestige of the state and to impede and delay the development of the country. One can also see that, by using these false reports and destructive criticisms, certain neocolonialist countries are working vigorously so as to isolate Myanmar from the international community. Moreover, it is obvious that, by using democracy and human rights as an

excuse and writing letters to various international organizations and urging them not to assist and support Myanmar, the colonial and imperialist sycophants inside the country are working in with coordinated timing to pave the way for the neoimperialists to interfere in the internal affairs of Myanmar. The imperialist sycophants are telling the countries that have joined hands and are work with Myanmar, and the foreign entrepreneurs who are investing and doing business for mutual benefit in Myanmar, not to provide assistance to Myanmar and not to invest in Myanmar; and asking them to do so only when they themselves come to power. It is clear that such action is designed to deprive over 45-million Myanmar people of their social rights and the opportunities for economic development. Everybody knows that as the nation's people now understand more about the wrong attitude of the imperialist sycophants and their attempt to disturb and disrupt economic development, the nation's people are uncovering and denouncing the destructive groups all over the country.

In accordance with the Buddhist belief that one must rely on his own strength, the SLORC will put its utmost efforts to work for the development of the country while using the strength of the nation's people, a true internal force, as a foundation.

In accordance with the independent and active foreign policy that has been continuously practiced by Myanmar, Myanmar will cooperate, especially, with the neighboring countries, in a friendly manner while maintaining the relationship with the international community. Moreover, in accordance with the international norm, Myanmar will not interfere in the internal affairs of others. At the same time, we will not accept interference in our internal affairs.

He continued that it can be that seen — based on the consideration, compassion, and mutual respect for Myanmar — that the neighboring countries and many friendly countries that understand Myanmar's correct policy and attitude on international relations, and its correct political path, have sided with Myanmar and provided assistance to it. But the imperialist sycophants and their associates are working to disrupt the functions of the National Convention that is working for the long-lasting national consolidation and stability of the state. They are also continuing to disturb, disrupt, and destroy, in various ways, the economic development of the country, which has just gained momentum. That is why people must always be alert and prevent these destructive acts. While the public is preventing the danger from the internal and external destructionists, it is also important for Myanmar to join hands with the friendly nations and neighboring countries that hold constructive views and cooperate with Myanmar, so as

to work with the international community for mutual benefit and for regional stability and to develop the country on a basis of self-reliance by nurturing the internal forces.

That is why it is necessary for the teachers to organize and educate the students and the public so that they will have a clear idea of the national perspective, and will be able to differentiate between the constructive organizations that are building the country and a group that is disturbing and destroying its development. Moreover, I would like to remind the teachers to organize and lead the nation's people from all aspects to take part in the constructive nation-building works, and the student youths to participate in the endeavors of the Union Solidarity and Development Association (USDA) that is discharging national duties.

In conclusion he urged the teachers to participate from an appropriate place toward the successful implementation of political, economic, and social objectives for the emergence of a peaceful, tranquil, modern and developed nation. He said: Maintain the stable and peaceful pursuit of education so as to successfully implement the state's education policies and goals. Organize and lead all the student youths, so that they, based on their patriotic spirit, can crush and destroy the danger of destructionists that are destabilizing the country and disrupting the nation's constructive works. Participate from an appropriate place for the success of the National Convention that is working for the long-lasting national consolidation and eternal existence of the country. While assembling the nation's people as a great national force and annihilating the internal and external destructionists by regarding them as a common enemy, organize the student youths to participate in the national endeavors of the USDA, which is building a new nation. As a national duty, participate in the efforts toward the emergence of a peaceful, tranquil, modern, and developed nation, which is a goal of the state. [passage omitted on ceremonies to present awards, certificates, and donations]

The closing ceremony ended at 0930.

It has been learned that Secretary-1 Lt. Gen. Khin Nyunt then left the Central Institute of Civil Service in the morning, after cordially greeting the trainees.

Burma: Suu Kyi Criticizes SLORC-ASEAN Alliance*BK1208034796 Bangkok THE NATION in English
12 Aug 96 pp A1,A2*

[Report by Rita Pattiyasewi]

[FBIS Transcribed Text] Rangoon — Burma's observer status and future membership in the Association of Southeast Asian Nations (ASEAN) will not contribute to the region's peace and prosperity, according to pro-democracy leader Aung San Suu Kyi.

Suu Kyi told THE NATION in an exclusive interview that Burma, with its prevailing conditions, cannot be a credit to the region.

"I do not think Burma under this regime will be in a position to contribute either peace or prosperity to Southeast Asia," she said, adding that ASEAN should deal firmly with countries which fail to promote harmony and prosperity.

Burma became an observer of ASEAN in Jakarta last month, despite growing criticism of the group for not considering the country's poor human rights record and level of democratisation.

The United States and the European Union have called on ASEAN to review its constructive engagement policy and to put more pressure on Burma's ruling Junta, the State Law and Order Restoration Council (SLORC) to respect human rights and respond to the will of the people.

Suu Kyi said that she is not in a position to tell ASEAN what it should do, but added that she could at least explain the current political situation in Burma, which she said has been misgoverned by the junta.

"The SLORC does not want to give democracy to the people even though they keep saying the country is heading towards democracy.

"Although at one time many wanted to believe that the SLORC was heading towards democracy, it has been confirmed (that this will not happen). The international community has realized that the SLORC is not ready," she said.

The Nobel Peace Prize laureate said that the national convention, sponsored by the SLORC and which is currently drafting a new constitution, is not moving Burma toward the establishment of democracy.

"What SLORC is doing is for themselves — the national convention is run totally along the lines they want, without any referendum to the people," she said.

Suu Kyi endorsed the economic sanctions proposed by the West, saying she believed the foreign trade and investment pouring into Burma has benefitted only certain groups but neither the Burmese people nor the country's economic development.

She pointed out that Burma's economic system is not open, as it welcomed only some privileged groups. The public at large is not the main beneficiary of the SLORC's economic policies, she added.

"The people in general are poor, and the standards of education and family health care have deteriorated," she said.

"I can understand the argument that it is not possible for everybody to get rich at the same time. Some get rich earlier, others later. But why is it that during the last six years, the standard of education has fallen, and so has the standard of health?" she asked.

"This is all because of misgovernment and where there is misgovernment, investment and trade only exacerbate the situation," she said.

Suu Kyi said she does not support "Visit Myanmar [Burma] Year" because it is SLORC propaganda (Myanmar being the name given Burma by the SLORC). The money the country receives from tourism will not be used to help the people, she claimed.

Democracy, she reiterated, is important to the country's development and the people must be politically mature. "Unless the people are (politically) mature, you cannot begin or maintain development in the long run," she said.

The recent crackdown on Suu Kyi's National League of Democracy (NLD) by the junta has not dampened the group's spirit or its desire to achieve democracy in Burma, Suu Kyi said.

She added that the crackdown was not a setback because it indicated that the SLORC still has to reckon with the strength of the NLD, which she said has the people's support.

When the NLD announced plans to hold a conference at the end of May at Suu Kyi's house, the SLORC interfered by arresting more than 260 of the democracy advocate's colleagues who planned to attend the conference.

"What has made the SLORC nervous is their knowledge that we have the support of the public at large," she said.

Suu Kyi said the NLD's policies will be decided in accordance with the will of the people, and in a democratic way. "We are determined to carry on the

struggle for democracy with the support of the people," she said.

Suu Kyi, Burma's most internationally-known figure, said she wants the people to understand that they also have the responsibility of bringing democracy to Burma, and that neither the NED nor she herself could do it alone.

Burma: Article Ridicules Aung San Suu Kyi's Flight

BK0908115796 Rangoon MYANMAR ALIN
in *Burmese* 8 Aug 96 p 4

[Article by Byatt: "Foreign-Dependent Skinny Person"]

[FBIS Translated Text] A stick falling on a wound can cause an excruciating pain. Why is this said? Because the solo actress with the two clowns attending on her left and right side [referring to U Tin U and U Kyi Maung] of the Flat Earth Society Dance Troupe [derogatory reference to the National League for Democracy], who are held in disgust by the entire country, suffer bitterly when they are being called foreign-dependent axe handles; they put on an act gritting their teeth with tears welling in their eyes. These democratic leaders resort to this academy award winning act when they are described in such terms.

They are not now relying only on the foreign elements, though they did so during the 1988 events. The veteran CIA agent under diplomatic cover — Mr. Burton Levin — and the political and economic affairs officers — Mr. Adam and Mr. Adair — stood firmly behind the royal mother of the West [derogatory reference to Aung San Suu Kyi].

The royal mother of the West depended very much on Mr. Tom C. White — a drinking companion of the royal mother's house spirit [husband], a former BBC TV employee, and cultural attache at the British Embassy in South Korea.

The royal mother of the West relied heavily upon external assistance. She is fully aware of her situation in the country as time goes on — her continued and unimpeded fall into the gutter. She is fully aware, but she cannot stop herself. The aged persons near her have accelerated her fall further. She sinks further as she struggles.

Her foreign patrons do not appear to be aware of the plight of their democracy puppet. They readily confer titles, awards, and medals on her in order to help her save her political prestige, which has fallen beyond repair inside the country.

The foreign television, radio, and magazines also anointed her, but their efforts have been in vain. Her followers inside the country have resorted to various means and sly schemes to save the royal mother's political plight and to make her presentable internationally in order to get political mileage.

The royal mother of the West has also become active in her words and deeds. She is not reluctant to pick up the phone well past midnight to bad-mouth the SLORC [State Law and Order Restoration Council]. She speaks fluently in English with purified water placed beside her. She gives an audience to any foreigner and writes fabricated stories for foreign magazines. She meets with representatives and uses her limousine to go to the residences of ambassadors.

The royal mother uses her feminine wiles in approaching the United Nations and the European Union to isolate the country. She raised her objections directly to the ASEAN [Association of Southeast Asian Nations]. She writes letters to the prime ministers and foreign ministers of neighboring and regional countries.

There were also embarrassing incidents for the royal mother of the West. For instance, she wrote a letter dated 14 February 1996 for distribution in the UNDP [United Nations Development Program] Executive Board. However, Mr. James Gustave informed her he could not distribute her letter, citing advice from the UN legal advisor.

The UN legal advisor said that only UN member nations can distribute letters among the UN agencies. It is understood that his explanation should make the royal mother aware that the political party — the National League for Democracy — she has monopolized is nothing but a small organization in Myanmar [Burma].

The royal mother of the West acted smart in writing a letter to the UNDP complaining that the poorest class is not benefiting from its HDI [Human Development Indicator] projects. Siba Kumar Das of the UNDP replied saying:

"The UNDP investigated a claim that only wealthy farmers received chemical fertilizers distributed in the hot zone, but investigation of the distribution system did not find any evidence to substantiate the claim."

The royal mother of the West knows her own problem best. She is applying the wrong remedy to treat her problem.

The royal mother of the West will go home nicely if she views the truth objectively. If not, she will be driven out with banging of metal cans. Her attempt to apply pressure on the country with foreign help is even

portrayed in foreign cartoons. A cartoon by Arun in the 16 July 1996 issue of THE NATION, portrayed the condemnation of foreign axe handles throughout Myanmar. As a former colleague, I do not wish to call her a foreign axe handle — a term which makes her cringe. May I just reluctantly refer to her as a foreign-relying, skinny person.

Burma: Aung San Suu Kyi Mocked in Published Poem

BK0908125296

[FBIS Report] Rangoon MYANMAR ALIN in Burmese on 8 August carries on page 9 a poem entitled "A Hen's Crow" by Takkatho Ko. While the poem ostensibly concerns Suu Phaya Latt, the chief queen of Burma's last king, Thibaw Min, who interfered in palace affairs and brought the country to ruin, the author uses puns and other literary devices to draw parallels between Aung San Suu Kyi and Suu Phaya Latt. Following is a direct translation:

A Hen's Crow

The chief queen, with a mediocre mind

Stormed the royal assembly

Putting aside the king's puppet elderly ministers

Well versed in royal affairs, with arching pride

And sharp tongue, as sharp as the royal golden sword,

Suu interfered...

The country lies in ruins.

The reference in the poem's title to a hen, "Kyet-ma" in Burmese, can be seen as derogatory and implying moral depravity as the word "Kyet" is used in modern slang to refer to a prostitute.

The reference in line three to "puppet elderly ministers" is assumed to refer to National League for Democracy vice chairmen Tin U and Kyi Maung, both elderly men.

The sixth line reference to "Suu" is the common element "Suu" in the names of both Suu Phaya Latt and Aung San Suu Kyi.

The last line alludes to the events of 1988, which the State Law and Order Restoration Council views as anarchic events following the active participation of Aung San Suu Kyi in the prodemocracy movement.

Burma: Article Reviews History of 'Political Defiance'

BK1008092996 Rangoon MYANMAR ALIN
in Burmese 9 Aug 96 p 4

[Article by Di Hlaing: "Inception of Political Defiance"]

[FBIS Translated Excerpt] Political defiance has many other names such as nonviolent resistance, nonviolent struggle, mass struggle, civil disobedience, and confrontation. Actually, political defiance means to oppose the government in various ways except the armed revolutionary method. Political defiance does not employ military methods, but people who want to engage militarily are allies of those who practice political defiance. In other words, they are connected. Let us leave this issue for a while.

When did political defiance come into existence?

Gene Sharpe wrote: "Nonviolent revolutions took place in 494 BC. During that time, the lower-class people refused to offer assistance to their masters in Rome."

Regarding the collapse of Communism in Europe, Gene Sharpe said it was not surprising and added that people should not make a big issue of it. He said there were many nonviolent struggles in history. That is why we need to look into what had happened in Rome during 494 BC as mentioned by Gene Sharpe. I think it would be difficult to find at present the book entitled "Milestones of World History," 5th Edition, published by the Central Committee Headquarters of the Burmese Socialist Programme Party in 1971 which mentioned what had happened in 494 BC. It was a history book. One can also find about this matter in other history books.

The book says Prince Romulus built Rome around 1000 BC. [passage omitted on Roman history from 1000 BC to writing of the Roman Code of 12 Tables]

Actually, Gene Sharpe's description of the political defiance, which took place in 494 BC, was a movement by the poor Romans. It was a method of demanding rights by staging mass demonstrations. He said the people achieved the democracy in this manner. [passage omitted on development of democracy and emergence of Sophism in Greece, philosophy of Sophism, death of the Greek philosopher Socrates, and emergence of Mobocracy]

Although political defiance was started by the poor Romans it was based on the Sophism. Political defiance is, actually, an anarchism that is adorned with tactics of modern psychological warfare. Laymen may like this tactic. People who are crazy for power, corrupt public service personnel, lazy people, opportunists, and people

who do not want to obey the law may very much prefer other tactics. Eastern Europe has proven that political defiance leads to the disintegration of the nation, bloody wars, and sufferings.

Gene Sharpe said political defiance began in 494 BC and added that it was nothing new. He also noted the fall of Communism within 10 years—between 1980s and 1990s. He noted political defiance in East Germany and Czechoslovakia which lead to the fall of Communism there, but he did not talk about the separation of Czech and Slovakia. He also mentioned the fall of the ruling military governments in El Salvador and Guatemala within two weeks and the fall of the Shah of Iran within months. Moreover, Gene Sharpe thinks that the disintegration of the Soviet Union led to the independence of former republics.

He said political defiance overthrew the socialist government in Myanmar [Burma]. During that time, the country came so close to disintegration.

This time would you allow your beloved Myanmar to be disintegrated due to political defiance?

Burma: Khin Nyunt Holds Talks With Mon Leader, Party

BK1208025796 Rangoon Radio Myanmar in Burmese
1330 GMT 11 Aug 96

[FBIS Translated Text] Lieutenant General Khin Nyunt, chairman of the Work Committee for the Development of Border Areas and National Races and secretary-1 of the State Law and Order Restoration Council [SLORC], received Mon National leader Nai Shwe Kyin, General Secretary Nai Raw Sa, negotiators—Nai Khin Maung, Nai Pe Tin, and U Khun Myat—and party at the Defense Services Guest Hall on Inya Road, in Yangon [Rangoon] 1500 today.

Also present at the meeting were: Lt. Gen. Maung Thint, minister of progress of border areas and national races and development affairs; Lt. Gen. Thein Win, minister of transport; Major General Aye Kyaw, minister of information; Maj. Gen. Saw Tun, minister of construction; U Pan Aung, minister of education; U Saw Tun, minister of health; U Tin Hlaing, deputy minister of agriculture and irrigation; Colonel Kyaw Win, deputy director of the Directorate of Defense Services Intelligence; Lieutenant Colonel Pe Nyein, director general of the SLORC Office; and responsible personnel.

At the meeting, they presented and held discussions on matters concerning regional development programs, improvement of communications and transportation, educational, health, and economic development programs.

It has been learned that Secretary-1 Lt. Gen. Khin Nyunt fulfilled and provided the needed assistance.

Burma: NCGUB Issues Statement on 8th Anniversary of '8-8-88' Uprising

BK1008093196 (Internet) BurmaNet News in English
9 Aug 96

[Statement issued by the National Coalition Government of the Union of Burma on 8 August—place not given]

[FBIS Transcribed Text] Today is the eighth anniversary of the august and prestigious day of the 8-8-88 [8 August 1988] Pro-democracy Uprising on which the entire people of Burma, including Sanghas [Buddhist monks] and students, demonstrated peacefully against the Burma Socialist Programme Party (BSPP) military dictatorship which had been brutally and inhumanely ruling the country for more than 26 years, and demanded for democratic and human rights and abolition of the military dictatorship. This was also the historic day on which the people thrust their chests and sacrificed their lives, for the establishment of democracy in Burma, in front of the gun barrels of the military dictatorship.

1. The SLORC [State Law and Order Restoration Council] military dictatorship which continues to rule Burma currently still employs the brutal means of arms to settle the demands of the people for democratic and human rights. For the perpetuation of military dictatorship, it is still oppressively ruling against the will of the people by resorting to various kinds of tricks and shamelessly using lies and deceptions. It is a common knowledge to the world that the military dictatorship has been perpetrating wide-spread violations of human rights by the use of unjust laws, orders and powers, without any sense of justness.

2. Up until now, the SLORC military clique is still in default of honouring the results of May 1990 elections and has been continuing, by force, its sham National Convention which is absolutely against the will of the people. Ruthlessly, the SLORC has been oppressing the National League for Democracy (NLD), out of spite, for boycotting its sham National Convention beginning from November 28, 1995. Moreover, it has been arbitrarily arresting and torturing the NLD members of parliament-elect and refusing to take the offer made by Daw Aung San Suu Kyi and the NLD for political dialogue.

3. Though the SLORC has concluded cease-fire agreements with 14 armed ethnic organizations and is attempting to reach similar agreements with the rest, a cease-fire, without a possibility to resolve the political problems by political means, has no chance to lead to

genuine and lasting peace in the country. As it is done by the SLORC without the real intention of gaining national reconciliation but just to drive a wedge between the ethnic nationality and pro-democracy forces and to gain a temporary respite from the political crises it is facing, genuine national reconciliation is still out of sight.

4. The SLORC's evil system of arbitrary market economy is benefiting only senior military officers, their relatives and a handful business people, while the large majority of the people have to bear daily the affliction of rising prices and raging inflation.

5. As the ASEAN countries' relation with Burma after giving it an observer status, in accordance with the constructive engagement policy, is like promoting the SLORC one-sidedly without benefiting the people in any way, the SLORC has become more efficient in perpetrating oppression and arbitrary acts. Moreover, it is now able more than ever to defy the international pressure.

6. On behalf of the people of Burma, we would like to appeal to governments, the NGOs [nongovernmental organizations] and international community:

- To condemn the constructive engagement policy of the ASEAN;

- To make effort for imposing economic sanctions on the SLORC military junta;

- To abstain from making investment in Burma;

- To suspend financial assistance to the SLORC military junta;

- To boycott the visit Myanmar (Burma) Year.

7. For the achievement of democracy, we would like to urge the entire people of Burma to make utmost effort for:-

- The realization of the results of May 1990 elections;

- Opposing the SLORC's National Convention;

- Supporting in all possible ways, the NLD led by Daw Aung San Suu Kyi;

- Working together with us for the early emergence of a political dialogue participated by the pro-democracy forces led by Daw Aung San Suu Kyi, the forces of ethnic nationalities and SLORC.

8. We, the National Coalition Government of the Union of Burma [NCGUB], would like to affirm, on this occasion of the Eighth Anniversary of the 8-8-88 Uprising, that we will eternally respect and honour the heroes of democracy who had valiantly sacrificed their

lives and the people who had bravely participated in the pro-democracy uprising, and pledge that we will struggle on, without rest, until democracy is achieved for Burma. Council of Ministers NCGUB

Burma: NCUB Member Blames SLORC for Recent Bomb Explosions

BK0908155096 (Internet) BurmaNet News in English 9 Aug 96

[Unattributed Report]

[FBIS Transcribed Text] The National Council of the Union of Burma (NCUB) today accused the State Law and Order Restoration Council (SLORC) of setting bombs as an excuse to launch a crackdown on democracy activists.

"The NCUB is extremely alarmed that bombs have apparently been denoted in Rangoon. This follows a favorite SLORC tactic of blaming the democratic forces for acts of violence it in fact is responsible for," stated Tin Maung Win, presidium member of the NCUB. "SLORC is desperate and trying very hard to smear democracy activists as terrorists and communist sympathizers. Everyone inside Burma knows that the democracy movement is committed to non-violent struggle to liberate Burma from the illegal military junta," he stated.

It was reported by democratic sources inside Burma that three bombs exploded in the Ahlone area of Rangoon. This follows a bombing that took place in July very close to the United States Embassy. Democratic sources stated that the embassy bomb was plainly the work of SLORC agents. The bomb was detonated in the early afternoon on a street corner that is the traditional hangout for SLORC's military intelligence agents who monitor the embassy. "The democracy movement is committed to regaining our freedom through the use of political defiance activities," stated Win. "We have been using audio tapes, pamphlets, and spray painting democracy slogans on walls throughout Rangoon, Mandalay and the rest of Burma to inspire the democratic hopes of all the Burmese people. Our weapons are democratic ideals, not guns or bombs," Win added.

SLORC is trying to bait the democratic forces into committing acts of violence. We will not lower ourselves to their failed tactics. Terror and violence are their instruments of support, ours are a commitment to the values of justice, democracy, and the protection of human rights" Win said.

"SLORC is feeling the pressure from our increased coordinated campaign of action," Win stated. The bomb blasts and recent SLORC edicts designed to restrict the circulation of audio and video tapes show

just how desperate the generals are trying to cling to power," Win said. "I want to tell the people of Burma to remain strong and stand behind Daw Aung San Suu Kyi. The NCUB is stepping up political defiance activities inside Burma. The day is rapidly approaching when we will regain our freedom. We must all be united to restore democracy and respect for human rights in Burma..."

Burma: Report Notes Drug Producers, Traffickers in Tachilek

BK1208013596 (Internet) BurmaNet News in English
10 Aug 96

[Report by Shan Herald Agency News dated 10 August]

[FBIS Transcribed Text] On 17.07.96, at 16:00 hours, 13 former MTA [Mong Tai Army] soldiers from Sao Suu Lai's group surrendered with 12 AK-47 and 7 RPG [rocket-propelled grenade], to the Burmese Army at Aye Ti village (Ahka village) 15 to 20 miles west of Tachilek.

Sao Suu Lai's group, which operational area used to cover from Hin Taek, west of Tachilek to the south of Kengtung, still have 40- 50 soldiers. Their recent area of operation includes west of Loi Tung-Loi Taw Kham, Mung Kan, Phak Tu Mung since Feb-March [February-March]. The Burmese said that the group will all surrender soon but was unable to do so due to Sao Suu Lai's medical treatment in Thailand. The reality is that Suu Lai is buying time to engage in drugs (No.4) [heroin] production together with the Chinese from Hin Taek areas, who are former Khun Sa's men.

At the moment, Suu Lai has more than 20 men, headed by Major Sai Phong and Sai Nyunt.

Apart from that, there are two armed Chinese groups which used to be Khun Sa's men. They have around about 20 men each, mainly concern with the security of narcotics production and transportation.

One group is led by Lui Hser Paw, a Chinese from Loimaw and who used to work for Sao Hpa Lang (a) [alias] Chang Shu Chuan, and Tzang Suu Hwa, a Chinese from Mung Koe, Tachilek. The group members are Lui Tzing Wu (Loimaw Chinese), Lui Tzing Sang (Kokang Chinese), Lee Chiang Sang (Loimaw Chinese), Yang Tzer Hpar (Loimaw Chinese), Chiang Haw (Loimaw Chinese), and Lao Tung (Lao Maw Chinese). This group has about 20 armed men and operates near Loi Taw Kham and Loi Lam, West and North of Loi Tung. Their principle activity is drug production. Most of the group members maintain permanent residences in Hin Taek, Chiang Rai Province, Thailand.

Another group is headed by Tzing Kaw Hong (a) Lao Tzing Kang Koop. His members are Chinese from

Hin Taek — Tachilek and Wan Tham — Heuy Khai (Amphoe Mae Sai, Thailand). The group is about 15-20 strong and move around Burmese military by bribing them. Its main activity is heroin production and is done around Mung Toom, in the northwest corner of Tachilek.

These two groups are in contact with Sao Suu Lai's group, particularly in exchanging information. Apart from that they have contact with Sao Yi Say (Lahu militia who used to be with MTA, who surrendered in Feb and is now allowed to form people's militia by the Burmese army. They numbered about 20-30 and are involved in transporting goods up and down.

Furthermore, these Chinese groups are on good terms with the ESPA (Eastern Shan State Peacekeeping Army) headed by Col. Sai Lin Hsai and Maj. Sai Kham Pha, which is about 200-300 strong. The ESPA operates in many parts of the Golden Triangle and said to be devoted to the Shan revolutionary cause. Khun Sa has written to them many times, due to the Burmese pressure, to give up arms.

Because of this, these Chinese groups used to contact Col. Haw Hping (Kengtung Chinese and former Ka Kwe Ye Yang Sang), Wu Tzing Leng (Loimaw Chinese and Khun Sa's representative stationed in Tachilek) and Sam Jernt (Khun Sa's 3rd son). They, in turn, instigate the Burmese army to take action against the ESPA, resulting in searching, destroying and banishing the villagers of Aye Ti, Ai Long and Pa Lan (Ahka village) from returning during the early month of July. These villagers are within the ESPA operational sphere.

The people within the ESPA believes that these Chinese groups will try to eliminate them one way or the other including lending the hand of Burmese army, for these Chinese groups see them as an obstacle to their drugs trade.

Sao Suu Lai's group will also has to surrender sooner or later. The Burmese army, as well as Khun Sa are giving pressure to the groups. That was why Sao Suu Lai had arranged 13 of his men to surrender in order to calm down the Burmese and to buy time for his narcotics trade. At the most, he will have to surrender before the end of 1996, and after that, ESPA members said, the going could become tougher for them.

Burma: Editorial Highlights Fight Against Narcotic Drug Scourge

BK1208110096 Rangoon THE NEW LIGHT OF MYANMAR in English 10 Aug 96 p 6

[Editorial: "To fight against scourge of narcotic drugs"]

[FBIS Transcribed Text] The abuse and illicit trafficking of drugs have led to ruthless crimes and deterioration of morals of students and youths. In other words, the abuse and the illicit trafficking of narcotic drugs have become a major socio-economic problem and a challenge to the security of mankind.

Before the British annexation, drug abuse was unknown in Myanmar [Burma]. Poppy cultivation and opium trade were introduced by colonialists in border areas. Opium dens, supported by the colonialists, were opened all over the country.

Efforts to combat this scourge dated back to our regaining of independence in 1948. Since then, we have been waging a relentless war in illicit drugs.

The Narcotic and Dangerous Drugs Law was promulgated in 1974 and all-out efforts were made against drug menace as a national concern. In 1975, the Central Committee for Drug Abuse Control, CCDAC, was formed and the Committee's nine Work Committees implemented narcotic drug abuse control programme systematically and extensively.

As there were weaknesses in the Narcotic and Dangerous Drugs Law of 1974 which needed to be amended to be in line with the provisions made in the 1988 UN Convention. [sentence as published] Thus, the State Law and Order Restoration Council passed the 1993 Narcotic Drugs and Psychotropic Substances Law on 27 January 1993.

Drug abuse is most frequent among young adults. Among 1,134 drug addicts who registered for treatment in 1995, 995 — 87.4 percent — were students and young adults. Among 5,691 persons against whom action was taken in the same year for drug abuse and illicit trafficking, 4,733 — 83.16 percent — at middle ages between 16 and 40, the most productive stage in labour.

The State Law and Order Restoration Council has laid down four political, four economic and four social objectives and has been implementing them. "Uplift of the morale and morality of the entire nation" and "Uplift of health, fitness and education standards of the entire nation" are two social objectives. Therefore, the Government has laid down two-point national strategy for drug abuse control, namely, to designate drug eradication and prevention activities as a national duty

and to perform this duty with added momentum and to gradually eliminate poppy cultivation by promoting the standard of living of the national races.

Myanmar has engaged in regional cooperation with its neighbours with the participation of UNDCP [United Nations Drug Control Program] as it believes all nations must join hands in suppression of narcotic drugs. The principle of cooperation with neighbouring countries by Myanmar was first undertaken under the resolutions of the 11th Special Meeting of UN Drug Commission held in Vienna, Austria, in 1989 and Drug Control Ministerial Level Meeting held in London in 1990.

It is the inevitable duty of each and every member of the human race to join hands and fight the scourge of narcotic drugs on a global scale until the world is drug free.

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Commentary Rebuffs Washington Over Terrorism Law

BK1208111996 Kuala Lumpur Voice of Malaysia in English 0810 GMT 12 Aug 96

[Station commentary]

[FBIS Transcribed Text] Turkey and Iran have agreed on a U.S. \$ 20 billion gas deal under which Iran will sell 4 billion cubic meters of gas per year to Turkey. This will begin in 1998 and will carry on for 22 years. While it is a purely bilateral agreement, is of significance to the rest of the world is that it goes against the threat by the United States to impose economic sanctions on any countries which invest in Iran and Libya.

These two countries have been branded by Washington as being involved in international terrorism, an allegation that no other countries support.

Turkey by itself is significant to U.S. interests because it is a member of the North Atlantic Treaty Organization or NATO. Turkey is also being used as a base by the U.S. military in containing activities of Iraq's Armed Forces following Baghdad's short-lived invasion of Kuwait six years ago.

Turkish Prime Minister Necmettin Erbakan insists and rightly says that his government's agreement with Tehran does not come under the purview of the U.S. law banning investment in Iran and Libya simply because the deal concerns trade — a buy-and-sell arrangement — and is not an investment. But the move is still seen by the rest of the international community as a part of

Washington's will to implement a national law outside the borders of the U.S.

To be sure the U.S. has some leeway because the trade deal will only take effect in 1998, so it need not take action against Turkey immediately, but the initiative by Istanbul will prompt other countries to also thumb their noses at Washington and go ahead with investment in Iran and Libya.

Nobody quarreled when the U.S. barred American firms from trading with Iran and Libya. This ban has been enforced for several years, but a presidential election year in the U.S. usually sees some draft registration emerging on the back of active lobbying and vote taking.

So now economic sanctions by the U.S. have been threatened against any foreign firms that invest U.S. \$40 million in Libya and Iran. Many U.S. allies have refused to comply. Russia and the European Union have also rejected it.

Several Asian countries have also objected to the new U.S. law and the Association of Southeast Asian Nations or ASEAN is expected to take a joint stand against it when its economic ministers meet in Jakarta in September. Malaysia's Foreign Minister Datuk Abdullah Ahmad Badawi says it will be up to the ASEAN members to decide on their stand at the meeting and on the action to take against the new U.S. law.

It is readily accepted by almost all countries that international terrorism cannot be tolerated, much less condoned, but few believe that there is such a thing called state-sponsored terrorism. Even if such a thing has happened before, current world events show that state-sponsored terrorism does not exist any more.

The European Union says it is ready to work with the U.S. at a multilateral level to combat terrorist activities [as heard] in all its forms and whatever its source, but it condemns the means chosen by Washington to combat terrorism.

The new law called the Iran-Libya Sanctions Act or the D'Amato Bill — named after the American legislator who tabled it — has provoked protests by U.S. trading partners around the world because it violates the rights of foreign governments to make their own policies and choose their own trading partners.

According to Datuk Abdullah, the Malaysian foreign minister, this extraterritorial extent of the U.S. law is [ridiculous]. It enfolds the frontline of several other nations in its affair. Datuk Abdullah explains that Malaysia is against all forms of terrorism and violent acts, as well as against countries which opt for violence and which victimize weak nations. He says Malaysia's

policy on terrorism is in line with the principles of Islam, which condemns all forms of violence. That remark is significant because Washington is casting an eagle eye on Istanbul ever since Turkish Islamic Party led by Erbakan, formed the government in June following national election.

Washington has become even more agitated because Erbakan is seeking to expand ties with Muslim countries — but he [Erbakan] has taken pains to explain that his visit to Tehran, in which the Iran-Turkey gas deal was closed, is not against the U.S. which he describes as Turkey's friend and ally.

As Malaysia's Foreign Minister Datuk Abdullah points out, there is not a single Muslim country which has achieved the status of a developed country nor can be regarded as an economic or political power. It is a wonder [as heard] given the prejudices, the preconception against Islam that the U.S. is trying to perpetuate.

**Malaysia: Ministry Announces State Visit by
Burma's SLORC Chairman**

BK1008111396 Kuala Lumpur THE STAR in English
10 Aug 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Petaling Jaya: The chairman of Myanmar's (Burma's) State Law and Order Restoration Council (SLORC) Senior General Than Shwe will make a five-day state visit to Malaysia beginning Monday.

Gen Than Shwe, whose visit is at the invitation of the Yang di-Pertuan Agong [King] Tuanku Ja'afar, will be accompanied by SLORC secretary Lt-Gen Khin Nyunt and other senior officials.

A Wisma Putra [Ministry of Foreign Affairs] statement said Gen Than Shwe will call on Prime Minister Datuk Sri Dr Mahathir Mohamed soon after his arrival before leading a delegation to a meeting at the Prime Minister's Department.

He will also have an audience with the King and later attend a state banquet at Istana Negara [State Palace].

In conjunction with the visit, a few bilateral agreements are expected to be signed.

Gen Than Shwe will leave for home on Friday from the Bayan Lepas International Airport on a special flight.

Malaysia: Burmese Leader Than Shwe Arrives for State Visit

BK1208072796 Kuala Lumpur RTM Television Network 1 in Malay 0530 GMT 12 Aug 96

[FBIS Translated Excerpt] Senior General Than Shwe, chairman of Burma's State Law and Order Restoration Council (SLORC), and his wife Daw Kyaing Kyaing arrived in Kuala Lumpur this morning for a five-day state visit.

Gen. Than Shwe was accorded a state ceremonial welcome at the Parliament Square.

Upon their arrival at the Parliament ground, the state guests were greeted by King Tuanku Ja'afar and Queen Tuanku Najihah and by Prime Minister Datuk Sri Dr. Mahathir Mohamed and his wife Datin Sri Dr. Siti Hasmah Mohamed Ali. [passage omitted on state welcoming ceremony]

Malaysia: Downer Says Bilateral Ties Entering 'Exciting New Stage'

BK1008084896 Kuala Lumpur THE STAR in English 9 Aug 96

[Report by Sreejit Pillai — received via Internet]

[FBIS Transcribed Text] Petaling Jaya — Australian Foreign Minister Alexander Downer said ties between Malaysia and Australia were entering an "exciting new stage."

"We not only have longstanding ties but as young and dynamic economics Australia and Malaysia have common interests in the Asia Pacific region," he said in his speech, "Australia-Malaysia Relations: Cooperating for a better future", here yesterday.

Downer said Australia was committed to having better relations with Malaysia.

"That is why (Australian) Prime Minister John Howard and I were delighted to meet Datuk Sri Dr. Mahathir Mohamed so early in the term of the new Australian Government.

"We wanted to get the political foundations of the relationship right from the beginning," Downer added.

Foreign Minister Datuk Abdullah Ahmad Badawi and local and foreign diplomats were present at the address which was held at the Institute of Diplomacy and Foreign Relations (IDFR).

"Both of our nations have a clear stake in promoting a stable and peaceful region.

"We are both active players in a broad range of security arrangements within the region," Downer said.

"Our (Malaysia's and Australia's) economic futures depend on the sustained economic growth in the region and on improving access to rapidly growing markets in the region's dynamic economies," he added.

Downer said both countries also had interest in capitalising more effectively on common complementary assets in human resource development, research and development and scientific work.

He said Australian business ties with Malaysia were increasing with over 200 Australian companies investing a total of A [Australia] \$1 billion (RM [Malaysian ringgit] 1.9 billion).

"In coming years, I hope Australian information technology and multi-media companies will contribute strongly to Malaysia's Multi-Media Super Corridor (MSC) and to the Putrajaya [new administrative center] project," Downer added.

Malaysia: Anwar Expresses Disposition on Ties With Mahathir

BK1008092696 Kuala Lumpur THE STAR in English 9 Aug 96

[Report by Shahanaaz Sher Habib — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Datuk Sri Anwar Ibrahim said yesterday that negative reports about his relationship with the Prime Minister sometimes troubled him.

The Deputy Prime Minister said he would wonder if such reports were true and at times carried a "slight doubt" about it overnight.

However, he said, the doubts would disappear as soon as he met and clarified the matter with Datuk Sri Dr. Mahathir Mohamed.

"My style is that if I hear (something), I go directly to him (Prime Minister) and ask him.

"So whenever I have a slight doubt, I ask him and if he says it is not true, that would be the end of it.

"There are times when I have harboured the doubt overnight, sometimes for half a day. But that is normal," he told reporters after launching the Allied Bank's PAL-WORLD providing online benefits and conveniences to customers.

Anwar was asked whether he too had similar doubts about the Prime Minister due to numerous negative reports on their relationship.

In an RTM [Radio Television Malaysia] special programme, Together With the Prime Minister, on Tuesday, Dr. Mahathir when asked if he had ever doubted Anwar's loyalty said: "At times when you are inundated with all kinds of reports, you get the feeling that it may be true".

Anwar said the Prime Minister was only human and would have his doubts sometimes, but it would be "wiped out immediately at our next meeting."

Anwar said such doubts occurred when certain people with ulterior motives raised the issue repeatedly.

He added that a small number of UMNO [United Malays National Organization] members concocted theories of conspiracy between him and Dr. Mahathir because they were seeking positions or contracts.

"But the great thing is that these conspiracy theories die a natural death.

"But I thank the Prime Minister for reiterating his stand," he said. "I am eternally grateful."

Anwar also thanked Dr. Mahathir for having faith in him, adding, "I have great faith in him anyway."

Dr. Mahathir in his interview had said he had faith in Anwar and was confident of his deputy's capability and that Anwar could be his successor.

Malaysia: Malay Party Completes Membership Verification

BK1208082096 Kuala Lumpur THE STAR in English
12 Aug 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Parti Semangat Melayu 46 [Malay Party of the Spirit of 46] has completed its membership verification process ahead of unification with UMNO [United Malays National Organization].

Semangat information chief Ahmad Shabery Chik said the verification process showed that the party's more than 200,000 members were ready for the unification.

He said the party's supreme council which met on Thursday had discussed the situation in Kelantan, adding that "from the feedback we received, more PAS [Pan-Malaysian Islamic Party] members will cross over to Semangat."

Malaysia: Defense Ministry Announces Promotions in Air Force, Navy

BK0908162096 Kuala Lumpur THE STAR in English
9 Aug 96

[FBIS Transcribed Text] Kuala Lumpur — The new air force chief will be Lieutenant General Datuk Ahmad Saruji Che Rose, who is the present deputy.

A Defence Ministry statement said Saruji would replace outgoing chief Lt. Gen Datuk Sri Abdul Ghani Aziz with effect on Saturday.

Lt. Gen Saruji, 50, who holds a Masters degree in Defence Studies, joined the Air Force in 1965.

Air Force Chief of Staff (development planning) head Major General Suleiman Mahmud will be the new deputy chief.

Maj. Gen. Suleiman, 49, was the commander of the Air Division 1. A farewell ceremony will be held today for Lt. Gen Ghani at the Kuala Lumpur air base, and a handing over ceremony at the Ministry.

The statement also announced that Commodore Datuk Tuan Hashim Tuan Mohamad had been promoted to the rank of acting Rear Admiral.

However, he will continue to head the maritime enforcement co-ordination team at the ministry.

The promotions received the consent of the Yang di-Pertuan Agong [paramount ruler] following the Armed Forces Council meeting on Friday, the statement added.

Malaysia: Retiring Air Force Chief Delivers Farewell Speech

BK0908135996 Kuala Lumpur THE STAR in English
9 Aug 96

[BERNAMA report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Retired air force personnel who become representatives of military equipment suppliers have been advised to consider the security of servicemen.

Air force chief Lieutenant General Datuk Sri Abdul Ghani Aziz said yesterday they should not just think of profits and ignore the interests of the Air Force by selling equipment that was not suitable or old and unsafe to use.

"Such practices will endanger the Royal Malaysian Air Force personnel who strive hard to defend the country."

Abdul Ghani said this in a farewell speech to RMAF [Royal Malaysian Air Force] personnel after presenting

United Nations medals to 15 servicemen who had served under the UN flag in Somalia and Cambodia.

He also said making decisions relating to the implementation of air force duties was the absolute right of the RMAF chief, and could not be done by any others.

The Air Force would be destroyed if there were "mini-RMAFs" that changed decisions made by the air force chief without his knowledge, he said.

"By the time I realise that my decision has been changed and a error has been made, it is too late," he added.

There should be only one chief in any military force and he should be the one with the right to make decisions relating to operations, administration and staff matters, Abdul Ghani, and if a decision was wrong, he would be the one responsible.

The duty of air force officers and servicemen is to give advice and implement decisions made by the RMAF chief," he added.

Cambodia

Cambodia: Chinese Envoy Briefs Queen on Hun Sen Trip to PRC

BK1008141696 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 10 Aug 96

[FBIS Summary] On 9 August Queen Norodom Monineat Sihanouk received the charge d'affaires of the PRC Embassy in Phnom Penh and expressed her thanks to the Chinese parliament, government, and people for their moral and material assistance to the peace process and national reconciliation in Cambodia.

The Chinese charge d'affaires highly assessed the role of the king and the queen and their leadership. He also "informed the queen of the activities of Samdech Hun Sen, second prime minister of the Royal Government of Cambodia, and his wife during their visit to the PRC, which enabled the two countries and people to further develop their close cooperation."

Cambodia: Hun Sen Urges Stern Measures Against Drug Trafficking

BK1208053696 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 11 Aug 96 pp 1, 11

[Report by M. Santepheap]

[FBIS Translated Text] A senior Cambodian People's Party (CPP) official has said that at a special meeting held on the afternoon of 8 August, Second Prime Minister Samdech Hun Sen reacted strongly to the methods used to crack down on drug trafficking. It is known

that some Interior Ministry officials have recently been involved in drug trafficking while some others are suspected of being involved in the disappearance of a quantity of recently seized narcotics disappear. They were to be used as evidence.

The source in the samdech second prime minister's office disclosed that on that afternoon Samdech Hun Sen convened an urgent meeting of competent high-ranking CPP officials to discuss stern measures to repress drug trafficking throughout the Kingdom of Cambodia.

The same source also said that at the meeting, Samdech Hun Sen sternly ordered all competent officials to take urgent steps to resolutely suppress drug trafficking and to find the sources of all drugs transiting Cambodia.

The samdech second prime minister stressed: "Regardless of position and political party affiliation, officials must be absolutely caught and punished without mercy."

It should be recalled that in February, competent authorities in Phnom Penh discovered that some drug traffickers were officials of the Interior Ministry's Anti-Narcotics Department. In addition, the Interior Ministry has also been faced with the scandal over the disappearance of more than 3 of the 6 kg heroin seized that had been kept as evidence in the office of Yu Hokkri, co-minister of interior, for more than five months. The heroin was presented to the tribunal on the afternoon of 6 August.

Observers said Samdech Hun Sen's reaction was primarily aimed at unmasking a number of officials who have been involved in drug trafficking or who have been negligent of their duties by allowing more than 3 kg of the heroin to disappear. Like it or not, Yu Hokkri, and some officials who are close to him, have become the prime target of an investigation.

It is remembered that, recently, the international community, including the United States, strongly accused Cambodia of being a transit point for drugs shipped to the West, and due to this problem the United States has included Cambodia in the list of the countries involved in criminal drug trafficking and utilization.

Analysts said the reaction from the Cambodian leader, apart from displaying the firm resolution of the Cambodian authorities against drugs, is evidence that any officials who have committed an offense in the past or present will be caught and tried according to the law. Finally, those who are striving to hinder Cambodia's development and progress will be unmasked definitely.

Cambodia: Communique Issued by Divisions 450, 415, Unit 250

*BK0908153296 Phnom Penh National Radio of Cambodia Network in Cambodian
1300 GMT 9 Aug 96*

["Communique" issued by the commands of the 450th and 415th Divisions and the 250th unit on 8 August; place not given]

[FBIS Translated Text] I. On 8 August 1996, the Democratic Kampuchea (DK) radio broadcast a most disgusting and poisonous communique aimed at breaking up our national resistance forces with the most unfair and darkest action.

II. In view of the state and substance of the deceitful and groundless propaganda broadcast by the DK radio, the 450th Division command, the families of the 450th Division combatants, and the people of the 450th Division in Malai; the 415th Division command, the families of the 415th Division combatants, and the people of the 415th Division in Pailin, and the people's combatants of the 250th unit on South Sisophon Battlefield wish to issue its communique and make known its stance as follows:

1. We wish to declare that we resolutely support our leader; that is, Uncle Ieng Sary called Uncle Van.
2. We wish to absolutely deny our support to Son Sen called Khieu who is not our leader. Because this guy Son Sen called Khieu has destroyed, burned the path (mekrea) and because he is a perpetrator, who has killed the resistance movement and peasants by means of depriving the peasants in the ranks of their rights and confiscating their possessions, such as oxen carts, in the basest manner. Moreover, Son Sen called Khieu is also a guy who only thinks of the interests of his band, family, and kin without caring about the feelings of the people's combatants in our ranks. Son Sen called Khieu is arrogant beyond words. He is neither modest nor loving of the nation and people in the least. This is why in the past, he accused patriotic resistance fighters one after the other, such as late comrades-in-arms Hoem and Mich, of being traitors. Now, Son Sen called Khieu has changed his mind by returning the oxen carts [to the peasants] and allowing markets to come into existence again. This is also evidence of his covert deception and tactics. Strategically, this guy continues to exert authoritarianism and oppress the peasants in our ranks as always.
3. Our policy is to maintain the national reconciliation stance and to end the war in Cambodia once and for all.
4. We absolutely maintain the stance of loving the nation and people by closely cooperating with four kinds of

forces by linking the forces of our ranks with the forces of our people, the forces of national fronts, and the forces of international fronts to the maximum.

5. The command, combatants, and people of the 450th Division in Malai; the command, combatants, and people of the 415th Division in Pailin; and the combatants and people of the 250th unit on South Sisophon Battlefield will absolutely not carry out any activities to shed the blood of those in our ranks and army. [words indistinct] patriotic resistance fighters should absolutely closely unite as a whole both at present and in the future.

[Dated] 8 August 1996.

Cambodia: Station Urges CPP-FUNCINPEC Unity, Cooperation

*BK0908155296 Phnom Penh National Radio of Cambodia Network in Cambodian
1300 GMT 8 Aug 96*

["Political Commentary": "Supporting and Following Our King Father"]

[FBIS Translated Text] In the past as at the present time and in the future, our people, our National Assembly, and the entire Royal Government (RG) have supported, are supporting, and will continue to support the paramount leadership of His Majesty in a resolute manner. The Kingdom of Cambodia is very lucky to be endowed with a heroic king, who has saved the nation and the people from the darkness. For this reason, nothing is better than to continue supporting the leadership of King Norodom Sihanouk Varaman of Cambodia.

Our nation is certainly moving forward along the path of development with the RG adopting the sectors of agriculture and tourism as foundation for national development and implementing a correct policy to make the government slogan "The people will be rich before the state" a reality through developing the rural area and agriculture. Moreover, our RG also has enough courage to face all kinds of difficulties and other complicated problems encountered in the process of military, police, administrative, and educational reforms to create new potential and speed to make the headway of our ship a success.

The fine results we have achieved depend on our ability to unite under the august leadership of His Majesty Norodom Sihanouk Varaman, our sacred king, and to follow the direct leadership of the RG headed by the two prime ministers.

So far, the national union and reconciliation principle remains a factor that determines the survival of our

nation, a weapon that safeguards stability and security within the country, and an indispensable factor for national development.

The two major parties, namely the Cambodian People's Party (CPP) and FUNCINPEC (National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia), which have allied with each other and which have played a core and model role, are the forces that are uniting and reconciling the nation with the spirit of understanding and close cooperation. This is to insure that the administration of the state, the country, and the national economy is operated according to the principle of the Constitution and the effective state laws. This also is to insure that our fledgling pluralistic liberal democracy is implemented correctly.

Based on the perception that considers the interests of the nation and people above all, leaders of the two parties have unanimously and steadfastly join forces by allowing nobody, even their own party members, to stir up cloudburst or do anything inappropriate that may crack or shake the state of solidarity and the national interests.

All of us have no other alternative but to unite. In the time of difficulty like in the time of joy, we should share weal and woe, trust each other, understand each other, and walk ahead shoulder to shoulder under the cool shade of His Majesty the king.

Cambodia: Hun Sen Says Khmer Rouge Division 519 Joins Government

*BK1008120896 Phnom Penh National Radio of Cambodia Network in Cambodian
0500 GMT 10 Aug 96*

[Address by Second Prime Minister Hun Sen at inauguration of dry dock and warehouse of a local company in Dangkao, Phnom Penh, on 10 August — recorded]

[FBIS Translated Excerpt] [Passage omitted] Tomorrow, and next week, the situation could be very relaxed. Division 519 on the other side has also declared it is joining the Royal Government. However, our high-ranking officials in the area have not yet made direct contact with this division. They have, however, already met with Sok Pheap, commander of Division 450. The situation is evolving very well. Later on this will be a good point of our work. I hope that such a situation will eliminate fighting by not less than, by more than, 50 percent. In my assessment, probably by the end of 1997, the situation will be really very good, because after these areas [Pailin and Malai], only Anlung Veng is left. One more push and that's it. This is advance notice to those in Anlung Veng: Chase Ta Mok and Pol Pot out and be the owners of houses there; stay right

there and be commune heads and chief of Anlung Veng District to cap it all. [applause] [passage omitted]

The situation over there is evolving very fast. I usually do not carry the telephone with me. However, since 8 August, I cannot leave the telephone, even when I receive guests, because of reports from there saying that the situation is good. However, in another 35 minutes, if the forces of Ta Mok and Son Sen do not pull away from confrontation, troops [?of the two divisions] will attack. However, I have...[pauses] I hope they will not fight one another. The situation is moving very well. We are masters of the situation. [passage omitted]

Cambodia: Son Sen Reportedly Hunted by Khmer Rouge

*BK1208005296 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 11 Aug 96 pp 1, 2*

[Report by Meanop, Koeana, and Peyatro]

[FBIS Translated Excerpt] Son Sen, who used to be a key Khmer Rouge [KR] leader and a member of the Supreme National Council with Khieu Samphan, has become a target of destruction by the KR leaders following Ieng Sary, who was condemned to death by his comrades through radio on 8 August. Moreover, the initial official number of the KR elements defecting in Malai and Pailin is over 3,000 combatants and 21,500 members of their families.

An intelligence source told REAKSMEI KAMPUCHEA that even though the KR radio had not yet broadcast the death sentence of Son Sen as the cases of Ieng Sary, Sok Pheap of Division 450, and I Kim Chheang of Division 415, it was known that Ta Mok [notorious one-legged KR commander] was personally directing his troops to hunt down and destroy Son Sen being accused of "betraying their ranks". [passage omitted]

While foreign press reports said Ieng Sary was staying in Thailand, a senior military official disclosed that Son Sen was known to be living in an area around Phnum K'ngan, between Pailin and Malai at present. [passage omitted]

Cambodia: New Committees Set Up To Lead Malai, Pailin

BK1208023396 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 11 Aug 96

[Declaration by the NADK Supreme Command on 11 August; place not given]

[FBIS Translated Text] I. During a meeting with cadres from Division 450, Malai, and Division 415, Pailin,

also attended by a number of army members and their dependents, the representatives of the National Army of Democratic Kampuchea (NADK) Supreme Command decided to set up committees to lead battlefield and base 450, Malai, and battlefield and base 415, Pailin, as follows:

1. A committee to lead battlefield and base 450, Malai, comprises:

- a. Mit Phon;
- b. Mit Moug;
- c. Mit Tum;
- d. Mit Tieng;
- e. Mit Tha;
- f. Mit Luon.

2. A committee to lead battlefield and base 415, Pailin, comprises:

- a. Mit Nuon Chan;
- b. Mit Rin Sunmei;
- c. Mit Sieng;
- d. Mit Chhoeun;
- e. Mit Reap;
- f. Mit Tan;
- g. Mit Chhay;
- h. Mit Chhan;
- i. Mit Yi.

The leading committees of battlefields 450, Malai, and 415, Pailin, are placed under the direct leadership of the NADK Supreme Command whose representatives are personally attached to these localities. These are senior cadres since 1979 of Division 450, Malai, and Division 415, Pailin, who in the past worked very hard in fulfilling the duties of controlling and building forces; were dedicated to the interests of the fraternal army members and their dependents; planned attacks against the enemy at the front; firmly defended the battlefields and bases of Malai and Pailin; and have never been implicated in the embezzlement of the army's funds, theft of assets from the gem trade, or any enemy spying activities.

The masses, including the cadres and the army dependents, both at the front and in the rear, have warmly welcomed the above-mentioned cadres one after another.

II. The Supreme Command urges the NADK Supreme Command representatives to cooperate with the newly established leading commands of Division 450, Malai, and Division 415, Pailin, and to join hands with all fraternal cadres, army members, and army dependents in accomplishing the following:

1. The fraternal army dependents and army members are called upon to organize groups to continue transplanting rice seedlings in time and continue harvesting corn in time so that they gain full control of the economy and livelihood of their own families. As for the few brothers who have been forced by the traitors to abandon some hamlets in Malai and in Pailin, they are called upon to return to their own hamlets and home to engage in planting and tending crops so as to have as much food as possible.

2. The brothers in the rear are requested to remain well-disciplined and well-behaved, to take care of nothing but their own economy and livelihood, and to let the fraternal cadres and army members on duty at the front take the responsibility of attacking the enemy in accordance with the already determined targets and plans in order to defend their bases and attack and drive the enemy far away from their bases. This means that those in Division 415, Pailin, will have to launch attacks on Treng, Sdau, Snoeng, and Kamping Puoy and other targets as far down as Phnum Sampeou adjacent to Battambang town while those in Division 450, Malai, will have to launch attacks as far as Stoeng Kop and the Sisophon-Poipet portion of National Route 5, thus continuing to completely cut off this National Route 5 which is the enemy's major lifeline in all of western Cambodia.

The brothers who have been forced away as hostages by the traitors are called upon to return to their own hamlets and home because leading and responsible organizations are being set up one after another to enable the brothers to engage in the production work in time. You understand the situation very well, for you are politically matured. You do not let yourselves be duped by a couple of traitors. You should stay home with your crops, hogs, and poultry. This is for your own interests. You clearly see that following the traitors means death. So, you are called upon to come back to your normal businesses.

[Dated] 11 August 1996

[Signed] The Supreme Command of the NADK

Cambodia: Ieng Sary Reportedly Escapes From Malai 8 Aug

BK1208005596 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 10 Aug 96

[FBIS Translated Text] This guy Ieng Sary called Van, who has betrayed the nation, the people, the ranks, the combatants, and the families of the combatants, managed to escape from Malai on the night of 8 August

1996. The escape was made hastily and in a panic. He was unable to take anything except the clothes on his back.

The cause of his hasty and panic-driven escape from Malai was that after he arrived in Malai on the night of 5 August 1996, the masses were antagonistic and hateful attitude toward him. He dared not see the masses except some of the traitors.

Somehow, the main cause of the hasty escape by Ieng Sary called Van from Malai on the night of 8 August was a communique exposing him as a traitor, who has betrayed the nation, the people, the ranks, the combatants, and the families of the combatants and as an embezzler, who has robbed the national coffers and foreign aid of several million baht. He has also illegally felled and sold trees for several million baht to line his own pockets and the pockets of his family, leaving the ranks, the combatants, and the families of the combatants constantly short of supplies every year.

The communique exposing him as a traitor to the nation let the masses see through him clearly as he had been very notorious in Malai. As he was scared of being liquidated by the masses, this guy Ieng Sary called Van decided to escape from Malai on the night of 8 August 1996.

According to a reliable report, this guy Ieng Sary called Van has not gone to Phnom Penh which is controlled by communist Vietnam and Hun Sen, because with several hundred million baht or several million dollars he possesses, he is fully able to live abroad.

Cambodia: New Defections Noted; Khmer Rouge Issues Ultimatum

*BK1108130296 Hong Kong AFP in English
1238 GMT 11 Aug 96*

[FBIS Transcribed Text] ARANYAPRATHET, Thailand, Aug 11 (AFP) — The military commander of the breakaway Khmer Rouge faction supporting former "Brother Number Two," Ieng Sary, gave his hardline opponents an ultimatum and announced major new defections Sunday.

Sok Pheap announced over loudspeakers in the area of his base at Phnom Malai in northwestern Cambodia that two Khmer Rouge brigades and their civilian entourage had defected from the hard-line old guard.

Four hard-line leaders would be flushed out of the base of Division 320 if they did not leave by August 15, he said.

He named the leaders as Ta Mok, Nuon Chea, Son Sen and Ny Korn.

Division 320 is currently poised for military confrontation with Sok Pheap's own Division 450, commanded by Sok Pheap. Both divisions are believed to be based in the Phnom Malai area.

An AFP reporter heard the broadcasts from across the border, 24 kilometres (14 miles) southeast of the Thai town of Aranyaprathet.

Sok Pheap announced that 2,000 Khmer Rouge soldiers and more than 2,000 civilians had joined his swelling ranks Sunday, in what analysts said appeared to be a very inflated estimate of the defecting military units.

Cambodia: Khmer Rouge Documents Claim Change in Policy

*OW1008142996 Tokyo KYODO in English
1408 GMT 10 Aug 96*

[FBIS Transcribed Text] Phnom Penh, Aug. 10 KYODO — The Khmer Rouge have changed its hard-line policy by allowing residents in regions it controls to elect their own leaders and form links with other organizations for peace, according to the Pol Pot faction's documents obtained by KYODO News.

The documents are in the form of a seven-point pamphlet which are believed to appeal to residents and soldiers, and another explaining the seven points in greater detail.

The pamphlet outlining the seven-point plan states that from late this year and early 1997, Khmer Rouge guerrillas will "seek for peace for our people, and, in particular, will form a real democratic regime."

The document also says that from September, "our people will have freedom to choose their leaders at all levels starting from village, district, province levels including a people's representative throughout the country."

"Our army is to defend our controlled areas, not launch attack with the royal government in Phnom Penh. But if the royal government leads military forces to attack us, we will have to react immediately," the documents say.

The documents also state that the anti-Heng Samrin faction will "protect" the areas it already occupies, provide "freedom to the people" to establish relations with other "agencies," and "observe and follow up the policy of the present royal government in Phnom Penh."

The new policy outlined in the documents was agreed on at a meeting of the faction's supreme leadership, including Pol Pot, between July 15 and 17, at one of its strongholds, Phnom Malai, near the Thai border, the faction's sources said.

High-ranking officials in the Ministry of Information said they have obtained copies of the documents and that they are authentic.

The officials said they are treating the documents as a propaganda weapon aimed at gaining the support of residents and strengthening the faction as an organization.

The faction, outlawed in July, 1994, has been losing strength due to continuing defections of its soldiers to the government since then and ministry sources said the motive for the change in course could be an attempt to find a way to remain a viable political entity by participating in the country's next election due in 1998.

Some 3,000 Khmer Rouge guerrillas along with two commanders defected to the government this month from the strongholds of Pailin and Phnom Malai, Second Prime Minister Hun Sen said Thursday [8 August].

Cambodia: Khmer Rouge Spokesman Denies Defections

BK1008112396 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 9 Aug 96

["Denial by the Spokesman of the National Army of Democratic Kampuchea" on surrender of 3,000 combatants]

[FBIS Translated Text] 1. For the past two days Hun Sen, out- and-out lackey of communist Vietnam and great war criminal killing the nation and people to serve communist Vietnam, has been grossly shouting that he has accepted the surrender of 3,000 army members and thousands of their family members in Malai and Pailin to the regime of the communist Vietnamese aggressors, expansionists, and race exterminators.

2. This planned, systematic, deceitful propaganda, a trick of communist Vietnam's to deceive public opinion, is 100 percent lies. The fact is that in Malai the traitorous ringleaders consist of only Pheap and a handful of his accomplices. In Pailin, there was only traitor Chhien and a few of his henchmen. These few traitors have turned to betrayal because they have stolen the money of the nation and the people and pocketed, for their own personal use and that of their families, hundreds of millions of baht [Thai currency] of income and money rightfully belonging to Army members and their families. These traitors have also made contacts with puppets of communist Vietnam and of the alliance to destroy the Malai and Pailin bases.

These traitorous acts have been successively exposed before the masses, cadres, and Army. Now they are openly and fully exposed and revealed to all. Thus, the masses oppose and reject these traitors and are

looking for these guys to lynch them, to prevent them definitively from further betraying and destroying the nation and from destroying Malai and Pailin.

The overwhelming majority of cadres and 100 percent of Army members and their families are not involved in any way with this embezzlement — not even a cent. They have not made contact with communist Vietnam and its puppets to betray the nation and people, their ranks, and the National Army of Democratic Kampuchea [NADK]. They remain the ones who love the nation and the people and struggle against communist Vietnamese enemy aggressors and their puppets to prevent these guys from swallowing Cambodia as they did Kampuchea Kraom [former Cambodian territory now part of south Vietnam]. This is a fact and the truth.

Therefore, a line has been drawn in Malai, as well as in Pailin. On one side are the handful of traitors who have embezzled enough money and are now fully collaborating with enemies. Now that they are unmasked, they have turned traitor; on the other side are the masses, consisting of the overwhelming majority of cadres, all the members of the Army and their families, in both Malai and Pailin, who have nothing to do with embezzling money or making traitorous contacts with communist Vietnam and its puppets. They therefore remain clean and continue to be those who love the nation and people and are struggling to save the nation.

3. Thus, the noisy, one-sided propaganda by Hun Sen over the past two days, like a gangster, is a systematic plan to deceive both local and foreign public opinion, to dupe and mislead those who do not know the real situation.

For this reason, the NADK Spokesman would like to clarify the matter as above, and to fully deny the propaganda of traitor and great criminal Hun Sen, out- and-out lackey of communist Vietnam, concerning the above matter.

The overwhelming majority of the masses — nearly 100 percent — oppose traitor Pheap in Malai and traitor Chhien in Pailin and a handful of their accomplices. They are fighting against these traitors; they defend Malai and Pailin to the end because they depend on their homes, lands, and farms for a peaceful and completely free life. They are not confused; they can tell gold from shit. They know what is patriotism and what is treason. They are very well aware of life as refugees in camps along the border such as Site B, Site Two, Site Eight, Site Two [as heard], and O Trav, from which refugees were forced by the United Nations and various international organizations to leave in 1993 to join the regime of communist Vietnam and its puppets. These refugees have already vanished in all the provinces,

particularly in Battambang. Even Voice of America reported the hardships and deprivations of refugees who were forced to join the communist Vietnamese regime. More recently, Cambodian refugees at Galang camp in Indonesia were repatriated to Cambodia. These refugees refused to go back, but were forced to. At the sight of Cambodian land the refugees cried, as though they knew that they are going to the hell of communist Vietnam's regime, and that they are going to die.

Another fact is that almost all FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] members, civilian and military, have died. Civilian and military members of the force of His Excellency [H.E.] Son Sann's party have nearly all perished. H.E. Sam Rangsai's party is being killed off by communist Vietnam and its regime. In particular, Prince Sirivut, FUNCINPEC general secretary, the king's younger brother and foreign minister, was accused and jailed, and was forced into exile abroad.

As for the king, whether one lives inside or outside the country, who does not know that he cannot open his mouth? Why? Because communist Vietnam and its regime are completely dictatorial and fascist in every sector: parliament, government, military, police, officials, and administration in villages, communes, districts, and provinces.

Furthermore, Vietnam has brought to Cambodia nearly 5 million ethnic Vietnamese, who are taking over Cambodian land, lakes, rivers, fish, and timber. Cambodians in eastern Cambodia have lost their land, farms, houses, cattle, and pigs; they have abandoned their homes to beg for a living. They eat things picked up from trash heaps to extend their lives from sudden death, and so on.

The question is this: Are ordinary people, particularly NADK members and their families — who possess land, houses, farms, pigs, chicken, and cattle and have been leading a peaceful life — so stupid as to follow this handful of traitors into the extremely hellish and filthy regime of communist Vietnam? The issue is crystal clear.

So, one-eyed Hun Sen, out-and-out lackey of communist Vietnam, stop barking like a mad dog to deceive others. You certainly cannot dupe others. On the contrary, you yourself, have already been sentenced to death.

9 August 1996

NADK Spokesman

Cambodia: Split Khmer Rouge Troops 'Brace' for Fighting

BK1008090396 Bangkok BANGKOK POST
in English 10 Aug 96 p 1

[Report by Prasit Saengrungruang from Aranyaprathet]

[FBIS Transcribed Text] The Khmer Rouge split in two yesterday after field commanders defied the ruling leadership and shored up their defences in readiness for an expected attack from loyalist forces.

Sok Pheap and Mit Chhien geared up their men and weapons. Khmer Rouge radio has denounced them as rebels and traitors and says their arrest has been ordered.

Respectively in charge of divisions 450 and 415 in the Phnom Malai and gem-rich Pailin areas further south, the two field commanders declared on Thursday night that they recognised only Ieng Sary, the "Brother Number Two" closely associated with Pol Pot, as their leader.

They rejected the military supremo Son Sen, who is backed by the legendary one-legged guerrilla Ta Mok and Mit Nikan of Division 320, and declared a policy of national reconciliation.

The "rebels" said the ruling leadership had been too severe with the people, causing a large number of them to defect to the Phnom Penh government.

Tension ran high in the Phnom Malai yesterday afternoon after guerrillas of Division 320 fired four 60mm mortar rounds into the area. But no one was injured as they fell far from populated areas.

There was some confusion in the hills as Sok Pheap prepared defenders and evacuated civilians to deal with a 200-strong force led by Mit Nikan that was reported to be coming to capture him.

An estimated 800 Cambodian civilians fled to a canal marking the border with Thailand and took refuge in areas adjacent to Nong Pru down to Non Sao-E.

Mit Chhien, of Division 415, ordered 3,000 men and 18 armoured cars to brace for an onslaught on the guerrillas' headquarters containing the Khmer Rouge radio station as soon as there is an attack on the Phnom Malai. The guerrilla headquarters is opposite the former refugee camp known as Site 8.

Sok Pheap and Mit Chhien are estimated to have altogether 4,000 armed men under their control.

**Cambodia: NADK Commends Loyal Cadres,
Combatants**

*BK1208060496 (Clandestine) Radio of the Provisional
Government of National Union and National Salvation
of Cambodia in Cambodian 2330 GMT 11 Aug 96*

[Commendation for loyal cadres and combatants of
Malai and Pailin by the NADK Supreme Command on
11 August; place not given]

[FBIS Translated Text] I. In the face of the acts of treason, betrayal to the people, and divisive instigation by Ieng Sary, alias Van, and a handful of his thugs, the overwhelming majority of our cadres, all combatants of the National Army of Democratic Kampuchea [NADK], and all NADK dependents in Malai and Pailin have maintained their political maturity and remained correct, well-behaved, and composed. That is, the brothers have been carrying on their everyday routines as if nothing had happened, continuing to live in their houses normally and engaging in their normal production work, such as transplanting rice and harvesting corn. This shows that all the brothers have had a clear vision and have unquestionably distinguished two things: first, the genuine patriotic resistance forces, who have protected the nation, people, bases, and army dependents; and second, the rebels who have attempted to destroy the cadres, army members, and army dependents and allowed communist Vietnam, its puppets, and the villainous alliance to seize Malai and Pailin.

The brothers have clearly seen that if these elements were permitted to proceed with their scheme the brothers would surely get killed along with their spouses and children at the hands of communist Vietnam, its puppets, and the villainous alliance. They have clearly seen that communist Vietnam, its puppets, and the villainous alliance were seeking all the time to crush and destroy the support bases of our national resistance forces. As a matter of fact, after the 1993 elections, the former immediately attacked Phnum Chhat and Stoung and cut-throats there. Then, they turned against Anlung Veng, but they were beaten up there. They also attacked Pailin, but they were also beaten up there. They have continued to attack us without letup for the past three years.

The brothers have clearly seen all of that by themselves. What else have they seen? They have seen that communist Vietnam, its puppets, and the villainous alliance have basically destroyed all the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] forces, have basically destroyed all of the ANKI [Sihanouk's National Army of Independent Cambodia] forces, have basically destroyed all of His Excellency Son Sann's forces, and have gradually destroyed the forces of His Excellency Sam Rangsai's

year-old Khmer Nation Party, while creating for themselves this or that party to lie to others that so-called liberal democracy exists in the country. However, the people have clearly seen everything. They have seen that FUNCINPEC has been killed in broad daylight, that the Cambodian people have been killed with impunity, and that refugees fleeing to foreign countries have been repatriated to get killed on a massive scale. They have seen that communist Vietnam and the Communist Party of Vietnam are controlling Cambodia, massacring the Cambodian nation and people, and swallowing up Cambodia's eastern territory, sea, and islands. They have seen all of that because they have achieved political maturity, because they can distinguish friend from foe and they have remained firmly committed to the stand of sticking with the nation, people, Democratic Kampuchea's national resistance forces, and other forces in order to attack communist Vietnam, its puppets with Hun Sen as the ringleader, and the villainous alliance.

II. The spy ring of Communist Vietnam and its puppets and that of the villainous alliance used a dozens of their men to pour gasoline on small problems in Malai and Pailin, turning petty spats which were internal problems of the national army in these regions into big flames. They instigated and provoked armed clashes, gunfire, and disputes with the national resistance forces. As a result, this fighting affected the national army which was 100 percent correct, the army dependents, the forces of the national salvation struggle, and also our nation and people as a whole. This was a maneuver, an agitation activity to weaken the resistance forces and allow the enemy forces in the jungles to attack and easily capture Malai and Pailin.

However, the overwhelming majority of cadres, the army members in general, and all army dependents have maintained their political maturity, knowing friend and foe, and seeing through the enemy's maneuver of pouring gasoline on just a few embers and turning them into big flames. Remaining well-disciplined and well-behaved, the brothers have demanded that this dark and intent maneuver of the enemy be thwarted. Moreover, the brothers in the rear have continued to engage in subsistence production while the army members at the front have continued to defend the bases to prevent the enemy from massacring them in Malai and Pailin.

III. The brothers who are cadres and army members and their spouses in Malai and Pailin have also clearly seen the situation in which communist Vietnam, its puppets, and the villainous alliance have been experiencing extremely serious defeats. During the recent 18th dry season, they suffered heavy losses both in personnel and war materials. At home as well as abroad, it was believed that communist Vietnam, its puppets, and the

villainous alliance no longer had forces capable of attacking the national resistance forces and Cambodian people again. As a matter of fact, the brothers have clearly seen that in Pailin itself and on Route 10 along Sangke river from Battambang to Phnum Sampeou the local population has joined hands with the national army in attacking and destroying the two-headed authorities, using B-52 [home-made] mines to blow them up virtually every day and every night and causing 24-hour headaches to the enemy in Battambang town. They have also seen the situation on Route 10 where at Snoeng, Sdan, and Treng the enemy forces are running out of rice, water, and medicine; getting no pay; and becoming sick with malaria and maimed or killed by mines and stakes almost every day. Day in and day out, they are calling for help from Tie Banh, Ke Kimyan, and Pol Saroeun. They have to ask for help from Phnom Penh directly because the Military Region in Battambang cannot help them, being themselves completely broke.

The same situation prevails along Route 10, at Treng, Chineang, and Chisang. Enemy forces that were posted there have deserted in droves. The enemy now has just a dozen of men left in each locality for defending his positions only. If these men dare to venture out, many more of them will die or get injured from being booby-trapped, shot at, or stepping on mines. At Kon Damrei Mountain, the soldiers of communist Vietnam and its puppets will experience the same fate; they are out of rice and water and have not even a pill to treat their malaria. Many are going bald because of sickness and a couple of them die every day. This is because Kon Damrei Mountain is isolated and remote from both Route 10 and Kamping Puoy. It rains heavily there, making the trails too soft and impractical for all transportation. Furthermore, it is being besieged by Democratic Kampuchea which has planted all types of stakes around it, especially multi pronged stakes, and mines. They cannot come out without getting hit. Consequently, Kon Damrei Mountain has been completely isolated; it is like being marooned to await nothing else but death.

At the same time, the brothers have also clearly grasped the enemy situation in Sisophon-Poipet, seeing that the enemy has no strength, no personnel. Some 80 to 90 percent of Lai Virak's 12th Division was decimated during the past 18th dry season. He now has only a dozen of soldiers left to man his positions. As for the 3d Division which was sent to Sisophon-Poipet, most of it has already run back to where it came from. More importantly, the 4th Military Region has ordered that 80 to 90 percent of this 3d Division be pulled back to western Siem Reap to secure Route 68 at Kralanh, Moung Chrouy, and Neang Nuon, to help

those stationed in Varin, Puok, Angkor Chum, and Srei Snam. Also recently, the 4th Military Region in Siem Reap withdrew another part of this 3d Division and sent it to assist the 9th Division which was gasping for breath on northern Route 68, at Samraong and O Smach, and on Route 69 in Ampil. Therefore, this 3d Division which they sent to be the backbone on the Sisophon-Poipet now has been basically pulled out.

As for members of the 11th Division's two regiments sent from the eastern front to Route 10 in the areas of Phnom Veng and Boeng Ampil, many of them are deserting every day, including those in the Command and General Staff. Nobody listens to anybody's orders anymore. Another portion of this 11th Division has been left to defend Siem Reap, but the defenders of Siem Reap themselves are being split into two factions with the FUNCINPEC and Para [non-communist anti-Vietnamese resistance fighters] forces on the one hand and the communist Vietnamese puppets on the other. The two factions are set to pull their triggers against one another because communist Vietnam and its puppets with Hun Sen as the ringleader have ransacked FUNCINPEC offices, burned down FUNCINPEC banners and signs bearing the image of the king, and so on.

The brothers in Malai and Pailin have clearly seen all of this situation. Therefore, they need to unite and have united and are uniting so that with one hand they can engage in subsistence production while with the other hand they can go to the front to attack communist Vietnam and its puppets. Not only do they work to withstand and defend, but they also launch attacks, and they are joining hands with the national army throughout the country, especially with nearby army members, in order to attack the enemy during this rainy season. They have already done this in May, June, July, and early August. As for the incident about Ieng Sary, alias Van, it does not affect the brothers who are cadres, army members, and army dependents at all. The incident about the traitor Ieng Sary, alias Van, is his own business. The brothers do not accept him; they reject him, oppose him, and seek to destroy him. Presently, they are busy carrying out their subsistence production work and busy attacking the enemy at the front.

IV. For this reason, the Supreme Command of the NADK would like to commend the brothers who are cadres and combatants of the NADK and all army dependents in Malai and Pailin.

[Dated] 11 August 1996

[Signed] The Supreme Command of the NADK

Indonesia

Indonesia: Suharto Accuses Groups of Seeking To Topple Government

BK1208065096 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 12 Aug 96

[FBIS Translated Excerpt] President Suharto has once again reminded the people, especially youths, not to be easily misled by movements that speak on behalf of democracy and human rights and campaign against the social gap, because these movements are illegal, unconstitutional, and treacherous.

The president said this when he received Hayono Isman, minister of state for youth and sports affairs, at his residence on Cendana Road in Jakarta this morning. The head of state said these treacherous groups had exploited the internal conflict in the Indonesian Democratic Party [PDI] to overthrow the legitimate government and replace Pancasila with a communist-oriented ideology.

Speaking to reporters after meeting President Suharto, Minister Hayono Isman quoted the head of state as saying that the groups were basically anti-establishment and opposed to successful people. [passage omitted]

Indonesia: Suharto's Son-in-law, Three Other Officers Promoted

BK1208071696 Jakarta REPUBLIKA in Indonesian 12 Aug 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta — Brigadier General Prabowo Subianto [President Suharto's son-in-law] is tipped to become a major general in the middle of this month.

"God willing, this will take place this month or a few days later," Army Chief of Staff Gen. R. Hartono told reporters after the commemoration of Prophet Muhammad's birthday at Cilangkap yesterday (11 Aug).

A REPUBLIKA source at the the Armed Forces of the Republic Indonesia [ABRI] General Headquarters said Prabowo had been promoted along with Brig. Gen. Susilo Bambang Yudhoyono, Brig. Gen. Johnny Lumintang, and Brig. Gen. Agus Wijaya. The last three high-ranking officers will report their promotions to Armed Forces Commander Gen. Feisal Tanjung and Army Chief of Staff Gen. Hartono on 12 August. Meanwhile, Prabowo will report his promotion to Tanjung and Hartono on 15 August because Prabowo is currently on duty overseas.

Hartono confirmed that Prabowo was abroad. "Prabowo has been on duty overseas for some time. Thus, he cannot attend the function," Hartono said.

Nevertheless, Hartono said that there was no problem in Prabowo's promotion because the decision had been made by the Army leadership. "He has met the condition, because he is commanding general of the Army Special Force, and I have recommended his promotion," Hartono said.

Prabowo has been tipped to be promoted since he was named commanding general of the Army Special Force in June. Speaking during a ceremony marking the expansion of the Army Special Force, the army chief of staff said the post of commanding general of the Army Special Force would be assumed by a two-star general. Thus, Prabowo's promotion into the rank of major general has fitted into the prevailing scenario.

The three other officers, who have been promoted to the rank of major general, are Susilo Bambang Yudhoyono, Johnny Lumintang, and Agus Wijaya. The three will undergo tours after they report their promotions to the ABRI leadership on 12 August.

Bambang Yudhoyono, who is currently chief of staff of the Greater Jakarta Military Command, has been named as commander of the 2nd Sriwijaya Military Region Command in place of Maj. Gen. R. Karyono who will become a high-ranking officer in the ABRI General Headquarters. Johnny Lumintang, currently chief of staff of the 8th Trikora Military Region Command, will become commander of the 8th Trikora Military Region Command in place of Maj. Gen. Duniya who will become a high-ranking officer in the ABRI General Headquarters. Meanwhile, Agus Wijaya, currently chief of staff of the 2nd Sriwijaya Military Region Command, will replace Maj. Gen. Agum Gumelar as a staff officer in charge of politics and security at the ABRI General Headquarters. The latter will replace Maj. Gen. Sulatin as commander of the 7th Wirabuana Military Region Command. Sulatin will become a high-ranking officer at the ABRI General Headquarters. [passage omitted]

Indonesia: People Express Loyalty to Government, ABRI at Rally

BK1208010496 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 11 Aug 96

[FBIS Translated Excerpt] A rally to express undivided support for the New Order Government and ABRI [Armed Forces of the Republic of Indonesia] was held at the eastern parking lot of the Senayan Stadium in Jakarta this morning. Correspondent Indra Kirana reports on the event:

[Begin Indra recording] About 50,000 people from various youth and social organizations, Golkar [Functional Group], political parties, high school and university students, and community leaders this morning unanimously

expressed their support for the New Order Government and ABRI. The declaration on undivided support was led by the chairman of Panca Marga Youth organization, Harianto Pajuri. The declaration was later handed over to a representative of the Jakarta community, Haji Edina Lansaya. From here, the declaration will be passed to S.H. Ritunga, chairman of Jakarta Local Legislative Council, and later to Jakarta Governor Suryadi Sudirja who will finally submit it to the central government.

In the declaration, Harianto said that with a spirit of unity and cohesion, we condemn the 27 July riots, and we remain in support of the New Order Government. [passage indistinct on declaration read by Harianto].

Responding to journalists' question whether a similar rally would be held in other districts outside Jakarta, Lieutenant General Syarwan Hamid, Armed Forces head of sociopolitical affairs, said this matter depends on the initiatives of an individual district. This is a positive action. [passage indistinct on Syarwan recording]

Meanwhile, Jakarta Military Chief Major General Sutiyoso said that the the situation in the city is very peaceful. This can be seen from the daily activities that have returned to normal. [passage omitted]

Jakarta Police Chief Major General Hamami Nata has reiterated that security forces will continue to pursue the Democratic People's Party activists. [end recording]

Indonesia: Muslim Party Urges Stern Action Against Rioters

BK1008091796 Jakarta SUARA PEMBARUAN in Indonesian 8 Aug 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta, 8 Aug — The [Muslim-oriented] United Development Party (PPP) has urged the government to take stern action against those who committed and masterminded the 27 July 1996 riots. It also urged all New Order forces to conduct self-inspection and rectify all weaknesses and deviations.

The appeals were contained in a PPP political statement issued at a PPP executive meeting at Hotel Sentral in Jakarta from 5 to 7 August. The statement was disclosed by Tosari Wijaya, secretary general of the PPP Central Executive Council, to reporters during a news conference at the PPP Central Executive Council headquarters at 60 Diponegoro Road on Wednesday (7 August). During the news conference, Buya Ismail Hasan Metareum S.H. [Master of Law], general chairman of the PPP Central Executive Council, explained the background of the executive meeting.

Buya, who was accompanied by a number of PPP Central Executive Council officials and leaders of all regional executive councils, said the meeting was designed to forge a common vision and perception among party leaders and members over the latest political situation and to further consolidate the party.

According to Buya, the presence of all the chairmen and secretaries of regional executive councils in Jakarta showed that the PPP was well consolidated, although they were notified of the planned meeting only two days earlier. According to him, leaders of regional executive councils will, therefore, be able to quickly gather during an emergency situation.

In the political statement read over by Tosari, the PPP respected the security apparatus for its discipline and persuasion in dealing with the 27 July riots. That prevented heavier casualties and the 27 July riots from spreading and undermining national security and stability. [passage omitted]

Indonesia: Military Confirms Arrest of Budiman, Other PRD Activists

BK1208081496 Jakarta SUARA PEMBARUAN in Indonesian 12 Aug 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta, 12 Aug — Lieutenant General Syarwan Hamid, head of sociopolitical affairs of the Armed Forces of the Republic of Indonesia [ABRI], said on Monday morning (12 August) that the security apparatus had arrested Budiman Sujatmiko (aged 27), general chairman of the People's Democratic Party (PRD).

The main leader of the PRD, said to be responsible for the 27 July Jakarta riots, was arrested while in hiding in Bekasi, West Java.

The head of sociopolitical affairs disclosed this while giving a lecture at a get-together held by the All Indonesian Muslim Preachers Coordinating Board at the Haji Dormitory on Pondokgede Avenue, East Jakarta on Monday morning.

Syarwan declined to elaborate on the arrest of Budiman during and after the lecture.

Answering questions from reporters, Syarwan added that the security apparatus had also arrested several other PRD leaders. "Who are they, Sir?" reporters asked. "Just wait for a complete report by the head of the ABRI Information Service today," Syarwan said.

Eight Other PRD Leaders [subhead]

Meanwhile, Brigadier General Amir Syarifuddin, head of the Public Relations Service of the Coordinating Agency for the Maintenance of National Stability, told SUARA PEMBARUAN on Monday afternoon that Budiman and eight other PRD leaders were arrested by agents of the Coordinating Agency for the Maintenance of National Stability in the Jabotabek (Jakarta-Bogor-Tangerang-Bekasi) territory on Sunday and Monday.

"Budiman and eight other PRD are still under intensive interrogation," he said.

He said Budiman was arrested on Sunday evening at 2115 West Indonesian Standard Time along with four other PRD leaders — Petrus Haryanto, Kurniawan, Suroso, and Benny.

According to Syarifuddin, four others — Garda Sembiring (leader of the Jabotabek branch of the SMID [Indonesian Students' Solidarity for Democracy]), Ignatius Pranowo, Victor da Costa, and Ignatius Putut Arintoko — were arrested in Depok at 0215 West Indonesian Standard Time in the wee hours of Monday.

He said the agents seized PRD documents during the arrests.

Brig. Gen. Amir reiterated that four persons were killed during the 27 July riots, while 12 civilians and 16 ABRI personnel were injured during the incident.

"Thus, it is not true more than four persons were killed," he said. [passage omitted]

Indonesia: Justice Minister Denies Megawati Case 'Fabricated'

BK1208055196 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 12 Aug 96

[FBIS Translated Text] Justice Minister Utoyo Usman has said that the Metropolitan Jakarta Police investigation of Megawati Sukarnoputri is normal, and the case has not been fabricated. Delivering a lecture to the Central Java cadres of the SOKSI [Federation of Independent Indonesian Workers Organizations] in Semarang, Usman said the investigation was related to the holding of a free forum where various groups sowed hatred against and attacked the legitimate government. He said the free forum, which had earlier been banned by the local security apparatus, had disrupted public order and security.

The justice minister said the Anti-Subversion Law could be used as a stopgap to deal with the matter because offenses against the state ideology are not covered by the Penal Code.

Indonesia: Megawati Questioned, To Appear Again 15 Aug

BK1008084196 Jakarta KOMPAS in Indonesian 10 Aug 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta, KOMPAS — Megawati Sukarnoputri and Aberson Marle Sihalohe have been questioned by the Criminal Investigation Directorate of the Metropolitan Jakarta Police as witnesses in the case of Budiman Sujatmiko, chairman of the People's Democratic Party [PRD]. The two arrived at the Metropolitan Jakarta Police headquarters under tight security on Friday (9 August?). They were accompanied by a number of lawyers, Indonesian Democratic Party [PDI] members of the House of Representatives, officials of the PDI Central Executive Council elected at the 1993 National Consultative Meeting, and members of the PDI Task Force.

During the investigation that lasted from 0930 to 1530 West Indonesian Standard Time, both Megawati and Aberson said they did not know Budiman Sujatmiko at all. Megawati will again be summoned next Thursday (15 August). Speaking at her home yesterday, Megawati thanked the police for good cooperation. "I was well treated," Megawati said.

Meanwhile, a member of the National Commission on Human Rights said the PDI Central Executive Council under the leadership of Suryadi — elected at the Medan Congress from 20 to 22 June — was scheduled to hold a dialogue with the commission over the 27 July 1996 riots. He got confirmation of this from Buttu R. Hutapea, secretary general of the PDI Central Executive Council. [passage omitted]

Criticizing Suryadi [subhead]

Speaking upon returning from Metropolitan Jakarta Police headquarters, on behalf of the PDI rank and file Megawati criticized the recent assault by Suryadi supporters against the PDI Central Executive Council headquarters at 58 Diponegoro Road in Central Jakarta. "The action of Suryadi and his friends amounted to taking the law into their own hands," Megawati said.

Prior to the investigation, both Megawati and Aberson questioned the availability of a presidential permit. The two questioned why the permit allowing the police to summon them as members of the House of Representatives and the People's Consultative Assembly was signed by Minister and State Secretary Murdiono.

Investigators asked them when free speeches at the PDI Central Executive Council started and what their purposes were. Megawati said they constituted a democratic

forum and had started after talks between the PDI Central Executive Council and the Metropolitan Jakarta military commander on 21 June in the wake of the Gambir incident.

When asked whether Budiman Sujatmiko ever addressed the democratic forum, Megawati said she did not know anything about that because she did not know Budiman Sujatmiko all. Megawati said the democratic forum was held to channel the aspirations of the PDI members but that a speaker had to abide by certain conditions. He or she is not allowed to touch on the presidency, the dual functions of the Armed Forces of the Republic of Indonesia, other sociopolitical organizations, and issues pertaining to ethnicity, race, religion, or any groups. After the investigation, Megawati urged the police to investigate who masterminded the 27 July riots. "In the name of justice, we urge the police to take legal action against those who stormed the PDI Central Executive Council headquarters," Tambunan [one of Megawati's lawyers] said. [passage omitted]

Indonesia: Pro-Democracy Leader Arrested for 'Subversive Activity'

BK1208045196 Hong Kong AFP in English
0442 GMT 12 Aug 96

[FBIS Transcribed Text] JAKARTA, Aug 12 (AFP)— Indonesian authorities have arrested the leader of a pro-democracy group which Indonesian President Suharto has accused of subversive activity, an official said Monday.

Junior Attorney General Suhadibroto told journalists that Budiman Sujatmiko, 27, head of the People's Democratic Party (PRD), had been arrested but gave no further details.

Military and police spokesmen were unavailable for comment.

Suharto last week accused PRD as "clearly involved in subversive activities."

The PRD is a small pro-democracy group which has been accused by the government of inciting mass riots in Jakarta in July which left at least three dead and scores injured.

Suharto, along with senior officials, has said that the group employs the same methods as the long-outlawed Indonesian Communist Party (PKI).

The PKI was banned following a bloody coup attempt in 1965 for which it was blamed.

Senior government and military officials have launched a nationwide campaign to arrest PRD members and other activists it deems as opponents.

Independent labour union leader Muchtar Pakpahan last week was arrested and charged with subversion, which carries a maximum penalty of death.

Since the riots last month, the police have arrested student and labour activists, and vowed to round up more opposition figures.

The authorities called in leading Indonesian author Pramudya Ananta Tur for questioning on Monday.

Indonesia: Over 120 Suspects in PDI Riots Charged
BK1008091296 Jakarta KOMPAS in Indonesian
10 Aug 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Ubud, KOMPAS — Over 120 suspects will appear in court for their role in recent riots at the Indonesian Democratic Party (PDI) Central Executive Council headquarters at 58 Diponegoro Road, Central Jakarta and surrounding areas. They have been charged with common crimes such as vandalism, arson, and mass assault.

(Police) Lieutenant General Dibyo Widodo, chief of the Republic of Indonesia Police, said this to reporters after opening a painting exhibit marking the golden jubilee of the Police at the Neka Museum in Ubud (Bali) on Friday evening (9 August). (Police) Major General Benjamin Mamuaya, chief of the Nusa Tenggara Regional Police, and Pande Suteja Neka, owner of the Neka Museum, were also present.

Answering questions, the chief of the Republic of Indonesia Police said he had predicted possible subversive acts in the mass riots and that further investigations were under way. The police chief added that he had been informed that Aberson Sihalohe [one of Megawati's assistants] was being investigated.

"Over 120 suspects are ready for trial. They have been charged with vandalism, arson, and mass assault," Dibyo said.

The police chief denied that the police were only investigating people in the Megawati camp. "We will investigate all. We will investigate anyone who has committed the criminal offenses," he said. The chief said the police would investigate Suryadi [general chairman of the government-backed PDI Central Executive Council] in the near future. Answering questions, he said that Buttu Hutapea, secretary general of the PDI Central Executive Council elected at the Medan congress, would also be investigated if necessary. [passage omitted]

Philippines

Philippines Official: PRC Agrees To Remove Mischief Reef Structures

BK1208053896 Manila BUSINESS WORLD
in English 12 Aug 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The Philippines and the People's Republic of China (PROC) have agreed in principle to tear down suspected Chinese military structures in Mischief Reef.

This move is seen to ease the tension between the two countries.

It may be noted Manila and Beijing are currently involved in a "friendly dispute" over atolls, including the Mischief Reef, in the Spratlys.

Defense Secretary Renato de Villa, who recently arrived from an official visit to China, said the Chinese Government reacted positively to the proposed removal of structures in the reef.

The structures, said to be way stations for Chinese fishermen in the Spratly Islands, gained notoriety last year.

Military surveillance showed the structures were equipped with communication facilities.

This fuelled speculations these were being used by the Chinese military to spy on the Philippines and its military capabilities.

Mr. de Villa said Beijing has agreed to discuss the possible dismantling of the structures in a series of dialogues to be held this year. However, he failed to disclose where the dialogues will be held.

"They agreed but said it has to be done gradually and assured no aggressive intentions whatsoever against the Philippines because they recognize the region must have continuing peace and stability," he added.

Philippines: Communist Rebels-Indonesian Link Investigated

BK1208120896 Hong Kong AFP in English
1126 GMT 12 Aug 96

[FBIS Transcribed Text] MANILA, Aug 12 (AFP) — The Philippine Foreign Office has asked the Department of National Defense to verify reports that Filipino communist rebels were training opposition forces in Indonesia, a diplomatic source said Monday.

The official, who requested anonymity, said the Foreign Office wants to clarify the allegation made by

an Indonesian general in an interview with the US newsweekly Time magazine.

He said the Time article quoted General Jamil as saying the New People's Army (NPA), armed wing of the underground Communist Party of the Philippines, had trained members of the Indonesian Democratic Party (PDI) and the People's Democratic Party.

Indonesian President Suharto has cracked down on people alleged to have instigated riots in Jakarta last month following a police raid on the PDI headquarters which had been controlled by supporters of ousted PDI leader Megawati Sukarnoputri.

Megawati, daughter of Indonesia's founding president Sukarno, was questioned by authorities last week.

The NPA has been waging a Maoist-style rebellion against the central government in Manila for the past 27 years.

But the collapse of communism worldwide and a bitter internal split has severely weakened the movement.

Military officials estimate the NPA's armed strength at about 5,000 fighters, from a peak of 26,000 guerrillas in the mid-1980s.

Meanwhile, Foreign Undersecretary Rodolfo Severino described the situation in Indonesia as an "internal matter" which the Philippines should not comment on.

Thailand

Thailand: Step Taken To Avoid U.S. Shrimp Export Restrictions

BK1208053096 Bangkok BANGKOK POST
in English 11 Aug 96 p 3

[Report by Chakkrit Ritmontri]

[FBIS Transcribed Text] The Fisheries Department has decided to be more particular from now on about issuing licenses for shrimp exports to America.

The aim is to avoid a situation in which tougher measures are forced on the US government by an American conservation group, according to department chief Pitprasop Surasawadi.

An embargo on wild shrimp exports to the US from Thailand has been in force since last May.

It resulted from a successful lawsuit filed by the Earth Island Institute.

The institute forced the US to ban shrimp imports from countries that lack programmes to conserve sea turtles.

Although exports of shrimps raised on farms are not affected, the US government requires data on each lot of shrimps specifying its origin, including the name and location of the farm.

Mr. Plotprasop said the department will need to carry out inspections of farms to prove that the shrimps are raised legally in registered ponds that are not in mangrove forest.

"It may take time for the inspection process to be completed before licences can be granted to exporters," he said.

"But it is necessary because if the US government wants to carry out inspections to ensure that the shrimps were raised properly in a way that does not jeopardize the environment, we can prove it immediately.

"Otherwise the US might reimpose an embargo on Thai shrimps or other agricultural products."

He said the department has determined that exporters of processed shrimps must submit applications for licenses seven days before the goods depart for the US. The period is three days for frozen shrimps.

The department also eases the application process by allowing exporters to submit application documents via fax.

Mr. Plotprasop said exporters should not complain about the department's strict measures.

The Earth Island Institute, he said, is considering establishing a branch in Thailand, which would bring about more difficulties for the shrimp business.

A representative of the Earth Island Institute in Thailand, Suwit Matthayanumat, said the imposition of tough measures to force the country to catch and raise shrimps responsibly would be good for coastal resources in the long run.

"Shrimp-trawler fishing and shrimp culture are the main sources of coastal resource depletion," he said.

"They destroy mangrove forests and coral reefs that are home to countless marine animals, and undermine the livelihoods of small-scale fishermen."

Mr. Suwit said the institute has been active in Thailand for some time, working with small-scale fishermen who catch shrimps in a sustainable manner.

Thailand: KR Leader Warns Thais Against Dealings With 'Old Guard'

BK1208025396 Bangkok THE NATION in English 12 Aug 96 p A2

[Unattributed report]

[FBIS Transcribed Text] Sa Kaeo — The military commander of a breakaway Khmer Rouge [KR] faction yesterday warned Thai businessmen against dealing with the hardline old guard.

Sok Pheap, loyal to former "Brother No 2", Ieng Sary, who reportedly led defections last week, also issued his hardline opponents an ultimatum.

He announced over loudspeakers scattered around his base at Phnum Malai in northwestern Cambodia that the four hardline leaders would be chased out of Division 320 if they did not leave by Aug 15.

He named the leaders as Ta Mok, Nuon Chea, Son Sen and Nikan.

Division 320, located opposite Sa Kaeo's Klong Hat district, is poised for a military confrontation with Sok Pheap's Division 450, opposite Aranyaprathet district. Both divisions are based in the Phnom Malai area.

Sok Pheap urged Thai business people to stop doing business with the hardline old guard, who he said were losing power.

He said changes in the Khmer Rouge leadership would affect business interests, adding that he would inform them when to resume dealing with the Khmer Rouge.

Sok Pheap also announced that two Khmer Rouge brigades and their civilian followers had defected from the hardline old guard.

He said 2,000 Khmer Rouge soldiers and more than 2,000 civilians had joined his swelling ranks yesterday.

He claimed the defectors disliked their "cruel" hardline leader, Son Sen.

Sok Pheap warned Division 320 that it would be attacked immediately if it injured any member of his division.

Thailand Wants APEC To Remove Nontariff Barriers

BK1008114596 Bangkok BANGKOK POST in English 10 Aug 96 p 2

[Report by Nutsara Sawatsawang]

[FBIS Transcribed Text] Thailand will use its offer to lower tariffs as a bargaining tool to persuade other members of the Asia-Pacific Economic Cooperation (APEC)

group to remove non-tariff barriers on agriculture, a Foreign Ministry official said yesterday.

Economics Department Director-General Kopsak Chutikun's comment represents a marked shift in the approach for APEC's trade and investment liberalisation plans. So far APEC's 18 members have said they want to lower their trade barriers voluntarily without bargaining.

But they are looking at each others' plans and they have agreed that the plans should be "comparable". Some countries such as the United States have not ruled out the possibility of negotiations in the future.

Malaysia is one of the staunchest opponents of any form of bargaining in APEC.

The liberalisation plans are being drafted for the APEC summit in the Philippines in November. Trade barriers would start to fall under the plans from January 1, leading to liberalised trade and investment by 2010 for developed country members and 2020 for developing members.

Thai ministers and officials met yesterday to prepare Thailand's latest position for the APEC officials' meeting in Davao, the Philippines, on August 21. Yesterday, Thailand's proposal for lowering tariffs was approved, completing the list of 14 headings required under the liberalization action plan.

Deputy Prime Minister and Foreign Minister Amnuai Wirawan said the Thai priority would be to open agricultural markets in other APEC countries.

In particular, Thailand wants to see non-tariff barriers such as quotas and other measures removed on farm goods. Dr. Amnuai indicated that Japanese and South Korean rice quotas would come under particular scrutiny.

Also targeted would be policies that use product standards, environmental criteria, public health, and antidumping taxes to curb imports, he said, because these hurt Thai agriculture.

"Thailand's interest is in agriculture. If we think of the value added, agricultural products benefit us no less than industrial products," he told reporters.

"We want to call for mutual benefits. If they (other APEC members) give us unsuitable benefits, we won't give them much either," he added.

Mr Kopsak, who will head the Thai officials' delegation, said that Thailand will closely watch its counterparts' individual action plans to be tabled at the APEC senior official meeting, to see whether their plans, mean rules and regulations will remain obstacles to Thai exports.

This includes the inclusion of liberalisation on the agriculture sector.

Thailand: Local Daily Criticizes Prime Minister Banhan

BK0908144796 Bangkok XIN ZHONG YUAN RIBAO
in Chinese 6 Aug 96 p 16

[Article by Chanzhen: "The Government Is Losing Credit — the Economy is a Complete Mess"]

[FBIS Translated Text] The Banhan Sinlapa-acha government has failed to improve its image after one year in office. Time has only increased the people's disappointment with Prime Minister Banhan.

In fact, no one had any confidence in Prime Minister Banhan when he took office. Although the prime minister has been working hard and has repeated several times that he intends to work for the public, he has failed to improve his reputation. After one year in office, his credit has all gone.

The biggest problem facing Prime Minister Banhan is the chaotic economic situation after his one year in office. The country's exports have declined, the inflation rate has increased, and businesses are at a standstill.

Although Prime Minister Banhan has tried to seek ways to solve the problems by setting up several committees, there is still no program for tackling the economic ills.

Former Prime Minister Anan Panyarachun made the sound remark that "It does not depend on capability but rather on the people's trust and their confidence in the government. Although the government may change the ministers in charge of economic affairs and its policies, it will not be able to solve the economic problems."

Such a remark from the non-partisan Anan means that the chances of Prime Minister Banhan solving the economy problems are dim.

Internal conflicts within the coalition are the major reason for the people losing confidence in the government. For example, some members of the coalition parties submitted a letter demanding that the prime minister replace the finance minister. This represents defiance of the prime minister because Bodi Chunnanon was appointed to the finance portfolio for only a few days.

Chai Thai Party Secretary General Sano Thianthong, who is a cabinet minister, also said openly that the finance minister should be replaced. Although he did not mention the minister by name, people understood that he was referring to the new finance minister. He must have had reasons for making remarks that were not supportive of the prime minister. The fact that the

party leader and the party secretary general cannot live in harmony has greatly affected the reputation of the Chat Thai Party.

The most amusing aspect is that Thawit Klinprathum, who is also a Chat Thai Party MP, has repeatedly said that Thailand's political and economic situation will improve only when Prime Minister Banhan dissolves the House of Representatives. This means that he wants Banhan to step down.

It is normal for opposition parties to ask Prime Minister Banhan to step down. But it can not be considered normal if the call is made by members from the same political party.

Is Prime Minister Banhan besieged on all sides?

Thailand: Prime Minister Holds 'Urgent' Talks With Chawalit

*BK1008125996 Bangkok THE NATION in English
10 Aug 96 pp A1, A3*

[Unattributed Report]

[FBIS Transcribed Excerpt] Struggling to control the political damage caused by Justice Minister Chaloeem Yubamrung's outburst on Thursday, Prime Minister Banhan Sinlapa-acha yesterday held urgent talks with New Aspiration leader Chawalit Yongchaiyut and scheduled an emergency meeting of coalition leaders for tomorrow.

Chaloeem laid low yesterday after dropping a major bombshell on Thursday with his pronouncement that Banhan was losing his legitimacy to rule. Meanwhile, a coalition leader yesterday claimed that Chaloeem's wrath was ignited by an apparent government green light allowing the Revenue Department to pursue a back-tax campaign against him.

"As justice minister, Chaloeem is losing face," said the source, who is the leader of one of the coalition parties. "Chaloeem may have wanted to see the prime minister give instructions to the Finance Ministry to block the back-tax appeal, but Banhan paid no attention. This upsets Chaloeem even though there is virtually no way the Revenue Department could win the case."

On Thursday, Chaloeem attacked Banhan while repeating his allegation that [Thai baht] Bt750 million was being offered, or already paid, in exchange for each of the new bank licences. Successful bids have been declared by a government screening committee but a group with connections to Chaloeem was rejected.

Deputy Prime Minister Chawalit, who Chaloeem said is the most suitable person to take over from Banhan and whose aspiration for the premiership has been linked to

a possible motive for Chaloeem's comments, discussed the volatile political situation with the prime minister at Government House.

"The prime minister asked Chawalit to arrange a meeting of leaders of all coalition parties (tomorrow) to find a way to solve the problem," a source said.

Chawalit strongly denied involvement in any possible plan by Chaloeem to topple the prime minister and also dismissed as groundless reports that he and other coalition leaders were planning a meeting to plot Banhan's forced resignation.

Chaloeem's move underlined how fragile the coalition unity has become, following the Thoe Thai uproar, threats by Chat Thai secretary-general Sano Thianthong to sever ties with Banhan, and the prime minister's conflicts with Chawalit over arms programmes. Compounding that are reports that a group of government MPs was joining hands with the opposition to pressure Banhan to resign.

Confusion reigned yesterday over the proclaimed anti-Banhan signature campaign. Wichian Khaokham, a Social Action [SAP] MP who is spearheading the move, claimed an old letter calling for Banhan's resignation had been scrapped and a new one was being drawn up that will be submitted to the prime minister after the budget bill clears Parliament.

"You won't believe what we plan to do. When I get serious, the government will crumble within a month," he said, adding that the signature campaign will attract "at least 50 MPs" including Chat Thai and New Aspiration party members.

SAP leader Montri Phongphanit was summoned yesterday to meet Banhan over Wichian's threat. After the meeting, Montri said the MPs' letter will just ask Banhan whether he will dissolve the House of Representatives.

"I can guarantee that our party has political discipline and will always stay in line. All seven coalition parties will remain together," he said.

Speaking to reporters again after Montri's interview, Wichian softened his stance. "Everything is consistent with what my party leader said. I never said that we want to oust the prime minister. We will just ask him whether he has solutions to current problems. If he doesn't, we will advise him to resign rather than dissolve the House," Wichian said.

Chat Thai MP Chai Chitchop denied he had joined the signature crusade. But he said he agreed with the move to pressure Banhan to quickly tackle problems

besieging his government. "If there is no way out, he should resign, or dissolve the House," Chai said.

He proposed that the Democrats be invited to join the Cabinet and take over the key portfolios of interior, finance and agriculture. [passage omitted]

Thailand: Editorial Urges Prime Minister Banhan To Step Down

*BK1008114296 Bangkok BANGKOK POST
in English 10 Aug 96 p 10*

[Editorial: "Banhan Should Step Down"]

[FBIS Transcribed Text] When the Banhan Government assumed office more than a year ago, groans of disappointment could be heard across the country. But as the duly-elected Government it had the right, and was given the opportunity, to govern. Now we all know how Banhan Sinlapa-acha and his Cabinet govern.

They have become embroiled in controversy and scandal. More importantly, public faith in the Government's ability to tackle core economic issues has dwindled to what must be its lowest level.

As a nation we are a resilient and patient people, but there is always a limit. The time has come for the prime minister to step down.

There's no doubt the public's poor perception of the Government's performance should not rest on Mr Banhan's shoulders alone. The Cabinet as a whole is responsible. If Gen. Chawalit Yongchaiyut and Capt. Chaloe Yubamrung continue to lobby on bank licences, they will further undermine confidence in the banking system.

Mr. Banhan should push the three licences through on Tuesday and resign on principle if the two block a Cabinet decision. If Mr. Banhan refuses to step down, political uncertainty will prevail.

A dissolution of Parliament is not in the national interest. If Mr. Banhan chooses this option, he deserves to be damned because all efforts at political reform will be wasted and we will have to start all over again. He will be damned for calling elections under the same ineffective political rules.

Mr. Banhan's resignation will not solve medium- or long-term problems. We know too well who the likely prime ministerial candidates are. Gen. Chawalit has the power base but also a penchant for lobbying for vested interests in such areas as telecommunications satellites and, most recently, the War Veterans Organisation's bid for a banking licence.

Annua Wirawan is likely to manage the economy better. Thaksin Chinnawat, like Mr. Annua, has a better public image than Mr. Banhan but is viewed as too closely linked to certain vested interests. Both lack sufficient political power and are likely to be susceptible to lobbying by vested interests to retain power. And according to Thai tradition, the person who should be given the task of trying to form a new government should be the leader of the second largest party. That means Chuan Likphai, leader of the Democrats.

We have to recognise the problems we are seeing in the present government are only partly the fault of the politicians. They are also the result of the Thai political and social systems and their reliance on power and influence rather than a level playing field.

Nevertheless, a change is better than the mess we are embroiled in. A new premier must be aware of his shortcomings and respond to the desires of the people who want to see genuine constitutional change. Electoral reform should remain a top priority and advance in a determined fashion so voters do not have to rely on godfathers and string-pullers to protect their interests.

More so, procedures for project screening must be carried out in a most open manner. Sincere efforts must also be made to put in place structural changes to give the majority and less privileged a meaningful alternative — equal and fair access to state services such as health, education, justice — and jobs.

The time has arrived for Mr Banhan to put the national interest above his own. He should step down. And others who replace him, whoever they might be, have a duty to restore not only economic confidence, but public confidence that there is light at the end of the tunnel. If not, then we are only opening the door to a darker future.

Thailand: Daily Comments on Minister Chaloe's Attack on Banhan

*BK1008130196 Bangkok THE NATION in English
10 Aug 96 p A4*

[Editorial: "Plain Vindictiveness or a Hidden Agenda?"]

[FBIS Transcribed Text] Further political turmoil is expected after Justice Minister Chaloe Yubamrung's Thursday outburst wherein he claimed that corruption was prevalent in government. While Prime Minister Banhan Sinlapa-acha seems to be weathering the latest political storm, he is getting isolated more than ever.

In this latest political upheaval, Chaloe claimed that the prime minister made decisions without consulting the heads of the other coalition parties making up his

government, particularly in the granting of new bank licenses. To add fuel to fire, he used the old figure of [Thai baht] Bt750 million; the same rumoured amount that surfaced several months ago in reference to a bribe paid to facilitate the granting of a licence.

Chaloem demanded Banhan's resignation rather than a House dissolution and said Deputy Prime Minister Gen. Chawalit Yongchaiyut was better suited for the premiership.

Chaloem has a couple of motives. First, he is upset that the premier did not help him avoid pay taxes on his assets that were seized after the 1991 military coup. Second, he could have been acting in tandem with other political leaders when he said that Banhan had lost the mandate to govern.

Although his actions seem to be part of a one-man crusade to oust the premier, the leader of the tiny Muanchon Party certainly knows how to ignite a political fire storm that could have drastic consequences for Banhan if it is not immediately put out.

However, it remains to be seen in the next few weeks whether Banhan can perform one more Houdini act to escape from this political crisis. But his image, clout and reputation have been severely damaged as a result of Chaloem's unexpected outburst. And even if he does manage to survive, he would have no choice but to sack Chaloem. If he does not, he would be branded a coward.

But the main loser is this latest political squabble is Thailand, whose reputation and image have once again been undermined. There is the allegation of bribery that comes on top of the Bt300-million under-the-table payment claim made by fugitive banker Rakesh Saxena, the main figure in the Bangkok Bank of Commerce loan scandal, to the Chat Thai Party.

Another casualty of the current political crisis could be the 1997 budget, which is due for second reading in Parliament next week. The government could be defeated, thereby throwing the bureaucracy into turmoil. Then there are the annual reshuffles in the bureaucracy and the military where power plays are usually carried out. Without a stable and strong government, there could be anarchy.

Banhan cannot blame anyone but himself and his party for the escalation of criticisms against him either by members of the public or coalition politicians. He has just about isolated all senior members of Chat Thai due to his inability to fulfil promises made in the run-up to the last election. His former allies in Chat Thai's Thoe Thai faction have become his enemies, who will not hesitate to gang up on him once they are given the opportunity.

The prime minister cannot expect to win much sympathy either because he has tried as of late to distance himself from all sensitive issues. The lack of leadership is more than apparent. The way that he has treated other former allies, including former Bank of Thailand governor Wichit Suphinit and former finance minister Dr. Surakiat Sathianthai, speak for themselves. Banhan has failed to give his people the political support they needed in times of crisis. He has also used up whatever political ammunition he had left to resolve the other crises that resulted from his failure to exercise leadership.

But Thai politics is not without its subtlety. Chaloem might have found a new master in Chawalit, although he is also a close ally of Chatchai Chunhawan, leader of the Chat Phatthana Party and former prime minister. Could he be acting as a matchmaker in the formation of a new government, or does it all boil down to personal grudges?

If he is indeed on a mission to rid this government of corruption, he should start by submitting his resignation.

Thailand: Editorial Urges Banhan To Resign To Solve Problems

*BK1208094496 Bangkok THAI RAT in Thai
12 Aug 96 p 3*

[Editorial: "The Only Solution is Resignation"]

[FBIS Translated Text] Judging from the current political situation, many circles now agree that the tenure of Prime Minister Banhan Sinlapa-acha, the Chat Thai Party leader, is running short. He is being bombarded both from government parties and from outside influences. All sectors concerned have pointed to the prime minister as the cause of the political crisis.

This is the first time that a cabinet minister has openly and seriously called on the prime minister to step down and to allow leaders of other parties to form a new government by accusing the government of lacking credit both domestically and internationally, and failing to run the country. Even Deputy Prime Minister Samak Sunthorawet has admitted that the accusation marks a new political twist.

The political crisis facing Prime Minister Banhan Sinlapa-acha proves previous analysis that described the seven-party coalition government as "a government of profit sharing." The prime minister is not a good government leader, he is merely a manager for profit sharing among interest groups. If the profit can be shared fairly among themselves, the government will survive, otherwise, the government will collapse.

Over the past year of the government's tenure, there have been indications of profit-sharing among groups within a party or among coalition parties; either political interests, such as achievements and popularity, or profits derived from approving some projects.

There have been various scandals rocking the government over the past year. The prime minister failed to give clear explanations for all of the allegations. The latest allegation was made by Justice Minister Police Captain Chaloeam Yubamrung. He alleged that a kickback of 750 million baht was being offered for the approval of each of three new banking licenses. Those who are linked to the allegation only deny it.

We have to admit that the main cause of the current political problems is the prime minister himself. He is a leader who has not enjoyed public faith since the beginning of his term. He has been rocked with one scandal after another, such as plagiarism for his master's degree from Ramkhamhaeng, the Swedish submarine issue, his daughter's sale of a piece of land to the Bank of Thailand, financial support for election allegedly claimed by fugitive Rakesh Saxena — who is facing charges over Bangkok Bank of Commerce embezzlement — and the bank license kickback allegation.

Lack of public faith and his inability to run the country has seriously affected the country's economic situation. It is time for the prime minister to take into account national interests, rather than his own interests, or those of his party. He should resign in order to pave the way for the House of Representatives to select a new prime minister. Dissolving the House of Representatives will not solve the problems, because it is the prime minister who is the problem.

Thailand: Coalition Parties Meet on Bank License Conflict

BK1208024696 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 11 Aug 96

[FBIS Translated Text] The leaders of the coalition parties can reach an understanding over the bank license kickback allegation. Prime Minister Banhan Sinlapachacha today invited leaders of all seven coalition parties to attend a meeting at Government House. Present at the meeting were New Aspiration Party leader General Chawalit Yongchaiyut, Nam Thai Party leader Amnuai Wirawan, Chat Thai Party secretary general Sano Thianthong, Prachakon Thai Party leader Samak Sunthorawet, Social Action Party leader Montri Phongphanit, Phalang Tham Party leader Police Lieutenant Colonel Thaksin Chinnawat, and Muan Chon Party leader Police Captain Chaloeam Yubamrung, who alleged that 750

million baht was being offered for a new banking license.

Prime Minister Banhan told reporters after the meeting that the leaders of coalition parties had settled their differences. The seven coalition parties have confirmed they will continue working together. There will be no resignations, dissolution of the House of Representatives, nor any political changes because there are several important issues pending for consideration in the Parliament, such as the consideration of the 1997 budget bill, the amendment of Article 211 of the Constitution, and the upcoming no-confidence debate to be launched by the opposition.

Thailand: Central Bank Governor on Economic Situation

BK1008152396 Bangkok THE NATION in English 10 Aug 96 p B10

[Address given by Roengchai Marakanon, governor of the Bank of Thailand, to a seminar held by the Thai Bankers' Association for foreign and local fund managers in Bangkok on 9 August]

[FBIS Transcribed Text] Following the Bank of Thailand's revision of economic forecasts for 1996, it is timely and important that we establish a common ground of understanding between the authorities and the market as regards Thailand's economic outlook as well as the direction of policy. I will address five issues that have recently been the focus of market attention: the prospects for stable growth and a soft-landing in 1996, the outlook for the current account, the central bank's monetary policy, the currency and the short-term flows.

The slowdown of economic activities during the first half of this year is a welcome development. This represents an adjustment that is consistent with our goal of maintaining macro-economic stability. Last year the pressure from strong demand expansion was clearly evidenced in rising inflation and the high level of the current account deficit. Moderation of demand, therefore, has been necessary to bring about an improvement in economic stability.

A tighter stance in monetary policy so far adopted has made satisfactory progress in curtailing demand as indicated by the continued moderation in private investment, consumption, and a sharp deceleration in imports during the first six months.

This, in turn, contributed to a significant reduction in the pressure on prices. CPI inflation fell from the rate of 7.3 per cent in the first quarter of this year to 5.4 per cent in July. This represents a fall of almost two percentage points within the short period of only six

months. In particular, non-food inflation, as a measure of core inflation, fell from about 5 per cent in December 1995 to 2.9 per cent in July this year.

Though inflationary pressure seems to have peaked and is now on a downward trend, what remains our concern is that the accompanying improvement in the current account deficit has been somewhat slower than anticipated. Indeed, policy has been successful in curbing demand, with sharp slowdown in import growth to only 9 per cent in the first half. However, export growth was weaker than anticipated, at about 6 per cent.

The slowdown in exports is linked partly to the less buoyant regional economic environment with almost an across-the-board downward revision of growth of Thailand's major trading partners in Asia as well as a continued weakness in some of our major markets elsewhere.

In addition, domestic factors have also contributed to the slowdown, notably the shortage of raw materials, such as prawns due to infection, and the effects of last year's floods which constrained agricultural exports. Nevertheless, Thailand's higher value-added exports, such as computers and parts and electrical appliances, continued to thrive, growing briskly by 48 and 20 per cent, respectively, during the first half.

Export slowdown is now a recognised important phenomenon in the region. This suggests that the slowdown in the Thai case is not solely an issue of Thailand's competitiveness, but is linked to wider issues of market growth and the swing in the demand cycle for some products, notably electronics.

Nonetheless, we are confident about a better performance of Thai exports in the second half. This improvement is expected to come from agricultural exports as well as manufactured exports, reflecting better crop output, continued expansion in Thailand's major markets, namely the US, Japan and Europe, lower Thai inflation in the second half of the year, and the measures to boost exports now being considered by the Government.

As exports improve while imports moderate on the back of a continued stabilisation of domestic demand, the current account deficit is expected to improve in the second half. At present, we anticipate an improvement to around 7.8 per cent of GDP this year compared to 8.1 per cent of GDP last year.

The high current amount deficit in Thailand is essentially the result of rapid investment expansion over the past five years. Therefore, in spite of high national savings rate of 34.7 per cent on average over the past five years, the high investment rate, averaging 41.4 per cent of GDP during 1991-1995 contributed to the gap.

In the medium-term, we expect that the investment-savings gap is set to narrow on account of the peaking of private investment activity and the anticipated improvement in private sector savings. The government has approved a number of important measures aimed at promoting private savings through a greater use of provident fund schemes, beginning with all the public enterprises and the government's own pension fund. This measure is expected to be extended soon to cover more businesses in the private sector.

Therefore, with the government's fiscal position remaining in surplus, the slowing of private investment and the improvement in the private savings performance of households will work to narrow the investment-savings gap in the medium-term.

The stance of Thailand's financial policies this year has been quite vigilant to achieve a decisive moderation of domestic demand in order to ease the pressure on prices and the current account deficit. Reflecting this, the government is expected to record another year of fiscal surplus, equivalent to about 2.7 per cent of GDP. This, therefore, will be the ninth year of successive fiscal surpluses, a record of fiscal prudence that is hard to beat in the region.

A tighter stance of monetary policy has now been in place for well over a year. Under current policy we have fulfilled two important objectives. First, the authorities have succeeded in restoring the balance between the growth of credits and deposits of the banking system.

By the end of June 1996, the expansion of commercial banks' credit including BIBF's (Bangkok International Banking Facility) onshore lending fell to 18.5 per cent from 24.2 per cent at end of last year, matching that of the growth of deposits of 18.4 per cent. Second, we have succeeded in slowing domestic demand momentum that has led to a sharp moderation in imports, as well as a substantial easing of the core inflationary pressure.

All these changes are now firmly established and reaffirm the effectiveness of the Bank of Thailand's financial policies despite increased complexity in monetary management brought about by capital inflows. Nonetheless, because of the sharp slowdown of exports, the benefit of import slowdown thus far has not been fully translated into a definitive improvement in the current account deficit.

The Bank of Thailand will continue with cautious monetary policy until we see a clear and definitive improvement in the current account deficit. This means maintaining the current to changing market liquidity, as well as to the effects of the measures we have already put in place.

On the Thai baht, the Bank of Thailand's view is that over the past 12 years, the present currency arrangement has worked in promoting Thailand's rapid growth in trade and investment. The current economic pressure stems largely from the build-up of excessive demand pressure, and the implementation of cautious fiscal and monetary policies have been successful and adequate in lessening such pressure. We therefore see no need to alter our exchange rate policy as a response to the current economic problems. I hope this is very clear.

The last issue I would like to address is the financing of the deficit, especially the role of short-term capital. I agree that short-term capital has played an increasing role in Thailand, therefore the concern about short-term debt is a valid one. But for those who are familiar with Thailand's economic situation, like most of you here today, it is generally agreed that the current concern expressed by some segments of the market might be somewhat exaggerated.

First, the size of Thailand's total short-term debt is still well below the combined sum of gross international reserves and the banking system's foreign assets by a comfortable margin. Second, the recent buildup of Thailand's short-term debt predominantly reflects the funding of offshore loans by banks operating BIBFs facilities in Thailand. These offshore borrowings are done primarily through intra-office borrowings with their branches or headquarters abroad.

Technically, because the intra-office borrowings are normally booked as short-term transfers while their overseas counterparts are treated as non-residents, these transfers are therefore treated as short-term flows in our balance of payments accounting. This practice therefore imparts a bias toward short-term debt even though the actual funding of the debt by overseas entities includes longer-term funding.

Under these institutional arrangements, the risks attached to short-term inflows in Thailand's case are, therefore, much smaller than might at first appear because of the predominance of intra-bank borrowings. The IMF [International Monetary Fund] mission that visited us early this year also came to the same conclusion.

Notwithstanding this, we have proceeded with measures to deal directly with this problem. The measures employed aim to discourage the inflows of short-term capital and to influence the maturity structure of foreign borrowings by banks from short to longer-end maturity. The latest has been the imposition of a reserve requirement on foreign borrowings with a maturity of less than one year by financial institutions. This measure is now in operation and will in due course lead to a substantial

lengthening in the maturity structure of banks' debt, as well as a reduction in Thailand's short-term debt in the period ahead.

I hope I have covered most of the important points on the economy and policy. The adjustment this year has been necessary to ensure continued macroeconomic stability. Our policy and measures this year reaffirm the conventional wisdom that the Bank of Thailand's policy is geared toward maintaining economic stability.

Thailand: Chief of Staff Nominated as New Air Force Commander

BK1208044396 Bangkok BANGKOK POST
in English 12 Aug 96 p 3

[Report by Watsana Nanuam]

[FBIS Transcribed Text] Air Force chief Siriphong Thongyai has nominated Chief-of-Staff Amon Naeomali as his successor, a military source said following Thursday's submission of the reshuffle list to the Supreme Commander.

The source, who requested anonymity, said the choice of ACM [Air Chief Marshal] Amon as the new Air Force commander was endorsed by high-ranking officers.

Since taking the top Air Force post in late 1993, ACM Siriphong has had a close working relationship with ACM Amon, a Class 5 graduate, whom he put in charge of several key projects.

ACM Amon, who reaches the mandatory retirement age next year, was keeping his fingers crossed yesterday, saying he would rather wait for Royal approval, and hoped the Supreme Commander and the Defence Minister would treat him fairly.

"I will carry on the projects and policies of my predecessor, particularly the policy to build unity in the Air Force. I've never thought of destroying any party or individuals. What I'll do is bring peace," said ACM Amon when asked how he rated his chances.

The source said ACM Siriphong discussed the list with Supreme Commander Wirot Saengsanit and the latter had agreed to the choice of new Air Force chief.

During the talks, Gen. Wirot reportedly proposed Air Force Academy superintendent Air Marshal Wiraphong Singhaseni as head of Air Force Training Command; ACM Soemjut Bunsriya, permanent secretary for defence, to take charge of Combat Command; and Deputy Chief-of-Staff Air Marshal Thananit Niamtan to assume the Chief-of-Staff post.

It's believed Defence Minister Chawalit Yongchaiyut also has no objection to ACM Amon's appointment to the top post.

Meanwhile, the source reported some very conspicuous changes at the five major Air Force wings — Wing 2 in Lop Buri, Wing 4 its Nakhon Sawan's Takhi, Wing 23 in Ubon Ratchathani, Wing 41 in Chiang Mai, and Wing 53 in Prachuap Khiri Khan — whose commanders were moved to the Directorate of Intelligence to be groomed as Air Force- attaches.

Tomorrow the Air Force will host a meeting in honour of Gen. Wirot, Army C-in-C [Commander-in-Chief] Pramon Phalasin, and Navy C-in-C Prachet Siridet, who were all bestowed the title of air chief marshal.

On August 14-15, Gen. Wirot, accompanied by Armed Forces Chief-of-Staff Mongkhon Amphonphisit will travel to Singapore to receive decorations.

It is expected that Mr. Wirot would make some changes to the lists submitted by the three armed forces chiefs, particularly the Army list, in which Army Deputy Commander Gen. Chetha Thanacharo has been proposed as the new army commander.

Gen. Wirot plans to forward the lists to Defence Minister Chawalit on his return from Singapore on August 16.

Thailand: Daily Urges Continued Focus on Drug Suppression

*BK1008073896 Bangkok BANGKOK POST
in English 9 Aug 96 p 10*

[Editorial: "US Love Affair With Drugs Which Kill"]

[FBIS Transcribed Text] The newest drug fad in America is heroin. It also is one of that country's oldest narcotics fads, of course. But a new brand of heroin has taken the American sub-culture by storm. The new type of heroin is called red rum — murder spelled backwards. In a macabre development, demand for this drug actually increased last month in America.

That is, according to police, because the drug killed a man named Jonathan Melvoin, a musician with the popular band called Smashing Pumpkins.

Red Rum heroin comes from Colombia, a new supplier on the international scene. There has been slight, but unwarranted, relief among many of our own officials at this development. For several decades, much of the world's — especially American — demand for heroin has been filled by Khun Sa and other drug traffickers based in the Golden Triangle. The fairly recent decision by Colombian cocaine drug lords to "diversify" into

heroin has taken some of the world's attention away from our local problem.

Last month, the United States withdrew the US visa of Colombian President Ernesto Samper. Mr. Samper is suspected by many of colluding with drug traffickers, including receiving financing in his political campaigns. The move has aroused much controversy, both in Colombia and in many other Latin American countries. It is seen by some as a form of unwarranted American pressure to place Washington's values upon other nations.

There is something to this argument — US pressure is often maddening or worse, given the imperfections of that country — but not much. America is entitled to invite or to bar anyone of whom it disapproves. Not too long ago, several of our own politicians received the same treatment from the US administration. Long-whispered rumours were brought to the fore, to be aired in public. Unfortunately, even as Thailand has struggled to move forward towards democracy and make its elected representatives accountable, the charges raised by the US action remain unproved either way.

There is a hidden danger, however, in the new American heroin epidemic. That risk is that our own anti-drugs effort may be relaxed because America is focused on red rum heroin and the Colombia connection. Narcotics trafficking and addiction remains a very real problem in Thailand, no matter that the influential American focus has switched to the western hemisphere. The US must certainly attend to its own drug problems, not the least of which is the massive American demand for harmful and addictive drugs.

But Thailand can ill afford to abandon either part of the two-part fight against illegal drugs. The first is the threat to security posed by international drug traffickers. This battle requires wide, international cooperation. The Golden Triangle alone, as its name indicates, is an area controlled by three nations. Neither Thailand, Burma nor Laos can stop the opium-growing, heroin manufacturing and methamphetamine production in this area. Once drugs leave the Triangle, even more countries — effectively, the world — are involved in the fight. Our authorities must continue to step up cooperation in combatting this trafficking.

Just as important is the second part of the battle. Our own citizens are increasingly at risk from drug sellers and their own misinformed decisions to take harmful drugs. The anti-social acts which can be attributed to drugs range from the violent crime of petty addicts to direct threats against our nation and its economy. Money laundering and influence peddling by "unusually rich" Thai mafiosi are only two of the many examples of how

drug trafficking inside Thailand is harmful. Then there is the spread of AIDS, much of it caused by heroin use. The physical and mental harm done to our young people is, of course, the most distressing damage done by illegal drugs.

The epidemic of red rum heroin in America is more important than just another news story. Its indirect impact on Thailand must be carefully studied. Many of our children seem determined to ape Western fads. They must be educated and properly guided to think and to know the difference between good and bad, fun and harm.

Thailand: Over 578 Government Employees Arrested on Drug Charges

BK1008125796 Bangkok THE NATION in English
10 Aug 96 p A2

[Unattributed Report]

[FBIS Transcribed Text] Of the 100,000 people arrested on drug related charges last year, over 578 were government employees, Narcotics Suppression Bureau [NSB] Commissioner Pol Lt. Gen. [Police Lieutenant General] Somchai Milintharangkun said at a seminar yesterday.

The drugs seized were worth [Thai baht] Bt59 billion on the street, he said.

Somchai said that among those arrested were civil servants, teachers, police and military officers.

He quoted NSB findings since 1989 as saying that among all the addictive substances, glue sniffing was the most common among students, while amphetamines were the most commonly used.

Somchai was speaking at a seminar entitled: "Solutions to the Narcotics Problem", held at a Bangkok hotel and attended by all provincial governors and other leading officials connected with the government's drug suppression project.

During the meeting, Thai Governor Phairot Priyarat proposed that those who were behind drug rings, especially local politicians, as well as military and police officers, should be publicly named after their guilt was proved.

Phairot said he thought his suggestion would help suppress drug use, adding that the situation in his province had worsened, with local police and media officials being allegedly involved in the illicit business.

Deputy Permanent Secretary for the Interior Ministry Pramuan Rutchanaseri, who chaired the seminar, said the government had approved a Bt100 million fund to

set up four narcotics suppression centres to be located in major regions around the country.

Vietnam

SRV: Trade, Investment Cooperation With U.S. Reviewed

BK1008103696 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 9 Aug 96

[FBIS Translated Text] Since the normalization of diplomatic relations between Vietnam and the United States a year ago, trade and investment cooperation between the two countries has developed remarkably. To date, the United States has 59 investment projects in Vietnam with a total registered capital of \$1.25 billion and ranks seventh among the 56 countries and territories invested in Vietnam.

Most of the U.S. investments in Vietnam are in industry, with 43 projects and a total capital of more than \$800 million. The two-way trade value between the two nations during the first half of this year was almost \$500 million; it is expected to reach \$1 billion by the end of 1996.

However, the difficulty faced by Vietnam at present is that the U.S. Government has not created a favorable legal environment for accelerating the development of trade and investment between the two countries; and it has not granted Vietnam the most favored nation status. As a result, many Vietnamese goods exported to the United States are subject to high taxes, making them uncompetitive when compared with merchandise from other countries.

SRV Radio Comments on Border Talks With China

BK1008092496 Hanoi Voice of Vietnam in English
1000 GMT 9 Aug 96

[Station Commentary]

[FBIS Transcribed Text] Vietnam and China have concluded the seventh round of talks on the delineation of the sea area in Bac Bo, or Tonkin Gulf. At the session, both sides reviewed activities of the previous meeting, and discussed the detail of appropriate solutions for the delineation of sea area between Vietnam and China. Our radio editor comments:

At the seventh round of talks, both Vietnam and China discussed in detail all the factors with a view to reaching an equitable and mutually acceptable solution to the delineation of sea area in the Tonkin Gulf between Vietnam and China. The discussion was based on the agreement on exchange the notes of delineation of the overlapping sea area in the Bac Bo Gulf signed between

Vietnam and China on 19 October 1993, and on results of previous rounds of talks.

The two sides agreed that this round of talks was successful with both sides achieving better mutual understanding of the issues. Mainland and sea border have been among pending problems in relations between Vietnam and China, and also a pending problem among countries with sovereignty over the Eastern Sea. Vietnam and China have been negotiating to remove the above-mentioned problems for mutual interests, contributing to peace, stability, development, and cooperation in the region and the rest of the world.

So far, both sides have conducted many rounds of talks at both governmental and expert levels. In exchanged visits, leaders of both countries praised the results of these talks, and were committed to continue negotiations to seek suitable and durable solution to pending border and territorial issues. The two sides were also committed to strictly implement the already-signed agreement between leaders of Vietnam and China, such as the agreement reached at governmental level talks on fundamental principles to solve the border and territorial problems.

The Vietnamese side has many times reiterated that disputes over the Eastern Sea must be solved through direct negotiations among parties concerned. Both Vietnam and China have been aware that peace and stability in the region are of great importance to the development of each nation, and of the whole region, and are in conformity with aspirations of peoples in the region and the world.

SRV: Feature Reviews South Korean Investment

BN1208070296 Hanoi Voice of Vietnam Network
in Vietnamese 1000 GMT 11 Aug 96

[From the "Sunday Show" feature]

[FBIS Translated Excerpt] South Korean business people have not concealed their ambitions to rank as the second biggest foreign investor in Vietnam in the near future. South Korea is the fourth largest foreign investor in Vietnam following Taiwan, Japan, and Hong Kong. South Korean companies have an investment commitment of about \$2.1 billion in over 160 projects in Vietnam, which makes it large-scale indeed, but scores of other projects with nearly \$2 billion also waiting in the wings.

(Kim Moo-chong), president of the [words indistinct] South Korean company Daewoo said during his recent visit to Vietnam that Daewoo's investment in Vietnam would reach \$12 billion by the year 2000. He also went so far as to claim the total export turnover of all

enterprises of Daewoo in Vietnam would be \$1 billion a year once all their ventures start operation.

Daewoo is currently the single biggest foreign investor in Vietnam with dozens of projects in operation and a registered capital of \$850 million. One of its most successful projects, is a \$178 million joint venture with the Hanoi electronics corporation, or HANEL, to produce television tubes. The joint venture, which already exports to several countries in the region, is striving to produce two million [words indistinct] of television tubes valued at some \$100 million this year alone.

Another joint venture between Daewoo and HANEL is the \$177 million Dai Ha complex. It comprises a trade center and a 5-star hotel in Hanoi and it is now being completed. The two parties are also involved in a project to develop an industrial park in Hanoi with a total capital of \$152 million.

Another aggressive South Korean investor is (Kosco), the third biggest steel producer in the world. So far, (Kosco) has had 5 projects worth \$165 million in Vietnam, four of which are in the steel sector.

The Sam Song conglomerate is also regarded as an investor with great potential in Vietnam. It has had 8 projects licensed so far with a total capital \$300 million. Its activities conclude tourism, hotel trade, electronics, and textile.

Lucky Gold Star is actively involved in the production of television, telecommunications equipment, and chemicals has planned to take part in the building of Vietnam's coastal oil refinery at the Dung Quat complex in central Vietnam. It now holds the 27- percent stake in the \$1.1 billion project.

Sam Yang has applied to build a cement factory in Quang Ninh province with a capacity of 1.5 million tonnes worth \$250 million.

Another South Korean firm, Hanah, has also applied for another plant at the same time in Quang Binh province.

Hyundai, after completing a gas pipeline linking the Bach Ho oil field with Vung Tau on the coast of southern Vietnam is now waiting for the nod for its huge ship building project in Thanh Hoa province, and possibly an industrial park as well.

So, apart from those big giants from South Korea, those big companies we've just outlined to you now investing in Vietnam, many small- and medium-size enterprises from the same country are also vying to become early birds in the Vietnamese market.

An official from the Vietnamese ministry of planning and investment said: The majority of projects with South Korean investors are processed quickly and have a high efficiency.

SRV: Second Rice Donation Sent to Cuba

*BK1008100996 Hanoi VNA in English
1338 GMT 9 Aug 96*

[FBIS Transcribed Text] Hanoi VNA Aug.9 — The second nation-wide campaign to raise 20,000 tonnes of rice for the Cuban people has achieved its target ahead of schedule, according to the national steering committee.

At a wrap-up meeting organised here yesterday the steering committee said that the rice consignment, together with 5,000 pieces of clothing provided by Vietnamese trade unions, were already on a ship bound for Cuba.

The ship, which left Saigon harbour on July 11, is expected to arrive in Cuba in early September, just in time for the start of the new school year there, the committee said.

This is the second rice donation to Cuba initiated by the Vietnam Fatherland Front Central Committee. The first donation launched last year, was also for 20,000 tonnes of rice.

The Fatherland Front made a nation-wide appeal for the rice in April this year and the response was described as 'warm' by the steering committee.

Only two months after the call was made some 20 of 53 provinces and cities throughout the country had already achieved their target.

Virtually all of the donations were in the form of cash. The money came from individuals, organisations, and companies.

SRV: Governor of Macau Visits, Signs Air Service Agreement

*BK1008155996 Hanoi VNA in English
1511 GMT 10 Aug 96*

[FBIS Transcribed Text] Hanoi VNA AUG.10 — Governor of Macau Vasco Rocha Viera has been here since Aug. 6 on a visit at the invitation of Vietnam's Civil Aviation Administration (CAAV).

While in Hanoi, the governor signed with CAAV Director General Nguyen Hong Nhi an air services agreement which lays the foundation for the commencement of regular air services between the Portuguese colony and Vietnam.

Mr. Vasco Rocha Viera and his entourage were received today by Foreign Minister Nguyen Manh Cam who expressed his belief that the signing of the air services agreement would help boost the two-way trade, the exchange of goods and visits by tourists between the two sides.

Expressing his pleasure at visiting Vietnam, Governor Vasco Rocha Viera spoke highly of the socio-economic achievements recorded by the Vietnamese people in their national construction and development over the past ten years. He affirmed his wish to further promote commercial links and investment cooperation with Vietnam.

SRV: Pham The Duyet on Mass Mobilization Work

*BK1208053296 Ho Chi Minh City SAIGON GIAI
PHONG in Vietnamese 31 July 96 pp 1, 5*

[Interview with Pham The Duyet, member of the Political Bureau, by SAIGON GIAI PHONG correspondent Duy Chien — place and date not given]

[FBIS Translated Text] [Duy Chien] Comrade, what are the contents of the mass mobilization work in the present stage of industrialization and modernization?

[Pham The Duyet] — First of all, it is necessary to make people of all walks of life understand that the objectives of "industrialization and modernization" are to turn our nation into an industrialized country with modern culture, science, and technology; firmly preserve national identity; and realize at all costs the goals of making the people rich and the country powerful, of bringing about justice and civilization, and of advancing toward socialism.

— Steps must be taken to motivate workers, peasants, intellectuals, the laboring people of all walks of life, overseas Vietnamese... to contribute to making the goals of 11 socioeconomic development programs set by the Eighth Party Congress come true. It is necessary for party committee echelons, administrative organs, and mass societies to concretize these programs based on the specific conditions of each sector, locality, and basic organization, thus stimulating everyone to make efforts to achieve effective results. With regard to the tasks for 1996, it is important for everyone to contribute to surpassing the goals and growth rate set by the congress to build confidence right from the first year of the 1996-2000 plan.

— Mass mobilization work must be based on real life situations to keep the party and state informed of the people's aspirations and views. In this way, the party and state can work out timely policies to tackle production and business problems facing state enterprises and

other economic sectors. If we do not back our mass mobilization work with correct socioeconomic policies, we will be unable to achieve results and will cause the people to lose interest in the implementation of our tasks and plans. Let's use the good experience of the renovation policy over the past years to motivate the people to implement industrialization and modernization.

[Duy Chien] Comrade, what are the important factors for bringing into play the potential and sense of responsibility of the people of all walks of life?

[Pham The Duet] Our people are highly motivated by revolutionary ideals and always support the party throughout the process of national construction and defense. Nonetheless, if the people believe that certain policies and lines are incorrect or inappropriate, they will express their political views. If cadres and party members know how to listen to the people's views and stay close to the masses, basic organizations, and localities, they will be able to make correct decisions and increase the people's confidence in the party.

Therefore, besides educational activities to enhance everyone's sense of mastery, the issue of "interest" will always act as a motive to bring into play their potential and sense of responsibility. Our people are fully aware of the need to combine personal profits with public interest and know that the term interest covers both material and spiritual matters. We must, however, attach primary importance to personal benefits. This is a very important issue that we need to understand in order to mobilize all potential to serve the goals of national industrialization and modernization.

[Duy Chien] What is the party committee echelons' leading role in the mass mobilization work for the implementation of the strategic task of industrialization and modernization?

[Pham The Duet] During the revolutionary process, the people extended their love to and placed confidence in the party; they followed the party's leadership to gain victory after victory. This is because the people are well aware that the Communist Party of Vietnam is the vanguard unit of the workers' class and that the party represents their interest and that of the nation. The people always follow the footsteps of various exemplar party members who lead a healthy life, who work wholeheartedly for the people, and who are both leaders and "servants" of the people. As a result, all tasks set by the party have always been enthusiastically implemented by the people.

Likewise, in building and defending the fatherland and in implementing industrialization and modernization, all cadres and party members must pay close attention to

the people's daily life, refrain from seeking self interest, oppose bureaucracy and corruption, set good examples for the people, and strive to overcome shortcomings and weaknesses. Seeing these efforts, the people will place more confidence in the party and, as a result, mass mobilization work, led by the party, will be successful. A watchword says "Party members should go first and the people will follow suit."

All party members and cadres should profoundly remember Uncle Ho's teaching: "Without the people we cannot fulfill a single task, even an easy one; with the people's help, we can accomplish all tasks, no matter how difficult they are."

With these perceptions, various echelons of party committees must seriously attach importance to party building while leading and satisfactorily carrying out mass mobilization work.

SRV: Doan Khue Speaks at Land Forces Institute

BK1008083396 Hanoi QUAN DOI NHAN DAN
in Vietnamese 8 Sep 96 p 1,4

[Speech delivered by Senior General Doan Khue, member of the Political Bureau and minister of national defense, at a ceremony held by the Land Forces Institute to commemorate its 50th anniversary, 7 September 1996; place not given]

[FBIS Translated Text] Comrade delegates, all comrades present:

Today, in a jubilant welcoming atmosphere generated by the fine results of the Eighth National Party Congress, I am very happy to participate in this ceremony held to commemorate the 50th anniversary of the Land Forces Institute — an institute whose history of building and growth are inseparable from the process of unit building, combat, and growth of our people's armed forces. On behalf of the Party Central Committee Military Commission and the Ministry of National Defense, I warmly welcome all the delegates as well as all the cadres, instructors, and workers of the Land Forces Institute. I avail myself of this opportunity to extend my sincere regards and best wishes for good health, progress, and eternal happiness to all the comrades who are disabled and sick soldiers, the families of fallen heroes, and those comrades who once worked and underwent training at the institute and contributed to its growth through various stages.

Comrades, over the past 50 years, led by the party and esteemed President Ho Chi Minh, directly supervised by the Party Central Committee Military Commission and the Ministry of National Defense, and assisted by the party organizations, the administration, and the

people of various localities and their fellow units, all the cadres, instructors, combatants, workers, and trainees of various generations have striven to record considerable achievements in various fields and have satisfactorily fulfilled their assigned missions, especially in the areas of training and refresher training and the study of military sciences and arts. Together with our entire Army and people, they actively helped score many glorious victories in the struggle for national liberation and reunification and in the cause of building and defending socialist Vietnam and fulfilling our lofty international duty. Tens of thousands of cadres trained by the institute have been deployed in all the battlefields and they have been working in various domains. The bulk of them have fulfilled their assigned missions satisfactorily. Many comrades have sacrificed their lives while performing their heavy assigned duties. Others have matured and become heroes of the armed forces. There are also comrades who have become Army generals and high-ranking officers in the Army. Others have retired or have been transferred to civilian sectors. Today, wherever they live and in whatever fields they work, all the comrades are looking toward the institute with all their feelings of love and care.

During the recent years of renovation, the institute made a lot of efforts to conduct studies to gradually perfect its training programs, and improve its organizational and teaching methods. It has gradually introduced a comprehensive and intensive education system to meet the goals and requirements for cadre training in the new stage. In particular, the institute has, over the past two years, tried hard and has attained initial results in turning out regimental-level command cadres and staff officers with college and higher-learning education levels. The institute has been able to draw on practical experience with which to struggle to surge forward to become a training and research center for military sciences and military arts. It has attained the Army's national standards for quality training.

These achievements recorded by the institute were great and encouraging. On behalf of the Party Central Committee Military Commission and the Ministry of National Defense, I warmly commend the institute for its efforts and rapid growth. I also commend all the cadres, instructors, workers, combatants of the institute and its various generations of trainees for having been credited with great contributions to building the glorious tradition of the institute. I sincerely thank the various party committee echelons, the administration, mass organizations, various echelons, sectors, and people of various localities for having been intent on caring for, providing assistance and cooperation to, and creating conditions for the Land Forces Institute to satisfactorily

fulfill its assigned missions and to achieve constant rapid growth over the past half a century.

Comrades, at present, the task of defending the fatherland, the party, and the socialist regime requires us to strengthen our national defense potential; consolidate our all-people national defense combat array and link it with our people's security combat arrangements; build the Revolutionary People's Army into a standardized, crack Army that can gradually carry out modernization. Together with the entire party and people, our Army must be a loyal and reliable combat and political force capable of playing a core role in firmly maintaining our national security and defense and our political stability. Our Army must make great contributions to carrying out successfully the cause of industrialization and modernization for the purposes of building a prosperous people, a powerful country, and an equitable and civilized society in the steady advance toward socialism.

To fulfill this mission, we must consider the building and training of the contingent of cadres, especially high- and intermediate-level cadres, as one of the decisive factors. The Land Forces Institute plays an important role in the Army school system. The institute's key political task is to provide training for commanding officers at regimental level who have college educational background and to organize post-graduate courses. It is also a place to enhance military talents, promote scientific research, and strengthen the traditional military science of our nation. The institute has a great honor in carrying out this task, yet its responsibility is very heavy. As a result, to urgently build the institute into a standardized and modernized institution meeting the national standard requirement for college and post-graduate education in the Army is an objective demand of significant importance for the immediate future and the long-term.

In the days ahead, the institute should integrate its leadership, thoroughly study and satisfactorily implement the resolution of the Eighth National Party Congress, the resolution of the sixth all-Army party organization congress, and resolution of the eighth party organization congress of the institute. It is essential to make all cadres, party members, and the masses thoroughly understand and unanimously support lines and policies of the party, adhere to Marxism-Leninism and Ho Chi Minh thought, and stick to the objectives of socialist orientations and national industrialization and modernization. It is necessary to profoundly realize the need to build the Army in the new stage, to strive to build a pure, strong party organization of the institute, and build the Land Forces Institute into a standardized and exemplary institution while implementing the motto of "combining the military school with the battlefield," and "the military school must move ahead with advancing steps" so

as to satisfactorily fulfill the assigned tasks in the normal situation as well in pressing circumstances. On the basis of the experiences and achievements recorded during the past years, the institute should continue to enhance the quality of education, training, and scientific research; urgently perfect the training programs and teaching methods for the college educational level; firmly grasp and satisfactorily apply various concepts; combine theories with practices; encourage and create conditions for students to develop their liberal thought and creativity; combine teaching and learning activities with research; collect and classify information; and deliberately absorb the quintessence of modern military science. In the immediate future, the institute must organize a serious implementation of regulations on education and training promulgated by the state and the National Defense Ministry; correctly implement various concrete regulations on the standardized system for schools; and profoundly enhance its capabilities in carrying out standardization by encouraging all to voluntarily participate in this task. It is necessary to continue to consolidate internal unity and unification; improve and strengthen the unity relationship; and make frequent contacts and maintain close ties with various party, state, and mass organizations as well as with schools and people in localities throughout the country, especially with Lam Dong Province. Efforts should be made to accelerate activities to increase production output, improve the people's livelihood, ensure and maintain stability, and step by step improve the daily life of cadres and combatants.

Dear comrades, in the days ahead our entire party, Army, and people will continue to firmly grasp and organize the implementation of national industrialization and modernization and turn the resolution of the Eighth National Party Congress into a real victory in all state activities. The Land Forces Institute must correctly reflect its significant role in this common mission through its concrete achievements. The Military Commission of the Party Central Committee and the National Defense Ministry are convinced that — with the long tradition and experiences in the 50 years of building and growing and with the high sense of responsibility and strong determination to meet the requirements of the new stage — cadres, combatants, lecturers, and students of the Land Forces Institute will strive to surge forward to record new outstanding achievements to uphold the stature of the institute in the Army school system so as to be worthy of the confidence and love extended to it by our party, state, the people, and the armed forces. I wish you, comrades, good health, victory, and happiness.

SRV Deputy Minister Discloses Tasks for 1997 State Budget

*BK1008092896 Hanoi VNA in English
1343 GMT 9 Aug 96*

[FBIS Transcribed Text] Hanoi VNA August 7 - State budget revenues in 1997 must increase between 20-22 per cent over 1996, according to Deputy Finance Minister Nguyen Sinh Hung. This is in order to meet the spending demands of investment in development, especially in social-economic infrastructure, education and training, in remote and isolated regions and areas inhabited by ethnic minority groups.

Other budget tasks include raising financial reserves, balancing the budget with the aim of bringing overspending to below three per cent of the GDP, and keeping inflation lower than the economic growth rate, thus paving the way for continued high and stable economic growth.

Main sources of revenue include land-use tax, import-export tax, income tax and tax on foreign-invested enterprises, while spending will focus on basic infrastructural construction, capital for newly-formed enterprises and those operating in food and farm produce processing, construction materials and goods processing for export, as well as subsidies for the transportation of goods to mountainous areas, and wages for state employees.

The Finance Ministry will discuss budget revenues and spendings for 1997 with a range of state corporations from August 10 to September 20.

In regard to the 1996 budget, revenues in the first six months were higher than planned, with revenues from tax on land for agricultural use accountings for 62.3 per cent of the yearly plan from income tax, 59.1 per cent from tax on foreign-invested enterprises, 50.6 per cent.

Hanoi and Ho Chi Minh City contributed 41 per cent of the total revenues. Spendings in the same period was estimated at 43 per cent of the yearly plan, increasing by 18.7 per cent over the corresponding period of 1995.

SRV: Details of Freeway Project to Hanoi Suburbs Noted

*BK1008100796 Hanoi VNA in English
1334 GMT 9 Aug 96*

[FBIS Transcribed Text] Hanoi VNA Aug. 9 — The ground breaking ceremony for the construction of the shortest route to a future satellite city, 30 km west of Hanoi, is scheduled to be held next Wednesday.

The date for the ceremony was announced yesterday by project management unit Thang Long (PMU-TL) during the opening of bidding documents for the first

two contracts to build the 30-km freeway which links Hanoi with Hoa Lac township.

Construction of the road is being broken down into 21 separate contracts due to different terrain along the route, with the route to commence at Hanoi's Lang area. Six major and 22 minor bridges will also be built.

Bidding for the remaining 19 contracts will open next month, added PMU-TL, which is project manager for the new route.

Total cost of the six-lane freeway project is estimated at VND 329 billion (roughly USD 30.7 million).

The new route will serve a major government project to develop the hilly Hoa Lac area into a future satellite city for Hanoi.

The future city is earmarked for the Vietnam National University, the Vietnam Culture village and a hi-tech zone.

Hanoi authorities have made this area (the focus) of an ambitious plan to develop an expanded urban area in an attempt to ease current population pressures on the older areas of Hanoi and preserve the heritage of the capital.

PMU-TL is now making intensive efforts in preparation for the bidding of construction of the third ring road which is proposed to surround the capital, inviting both organisations and individuals at home and abroad to participate. The 70-km ring road will start from the southern head of Thang Long Bridge running through Mai Dich, northern and southern Thanh Xuan, Phap Van, Linh Dam, Thanh Tri, Sai Dong (in National Highway 5), Cau Duong and Noi Bai International Airport.

A modern express way linking Hanoi's Thang Long Bridge to Noi Bai Airport, was built at a cost of about USD 20 million by the Ministry of Transport and Communications opened to traffic two years ago.

SRV: Memorandum for 8,000-Km Optic-Fiber Cable Network Signed

BK1008104296 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 9 Aug 96

[FBIS Translated Text] A memorandum of understanding on cooperation to build an 8,000-km optic-fiber cable system in Southeast Asia has been signed by six countries namely China, Vietnam, Laos, Singapore, Thailand, and Malaysia. Under this project, the latest optic-fiber technology will be applied to install 30,000 additional digital telephone lines from Shanghai to Singapore and to improve communications among the six countries.

This optic-fiber cable network will be operational in early 1998 with a total cost of \$400 million. Each country will pay for the expenses in building the section running across its country.

In the framework of this project, the Vietnam Post and Telegraph General Department has signed a \$18-million contract with Laos for supplying equipment and exploiting the 430-km cable line of this network. Under this contract, Vietnam is responsible for technical training and technological transfer to the Lao side. The contract will last for three years and will be operational in 1997.

SRV: Child-Smuggling Ring in Tien Giang Discovered

BK1008073596 Hanoi QUAN DOI NHAN DAN in Vietnamese 5 Aug 96 p 4

[Unattributed report: "The Seizure of a Child Smuggling Gang"]

[FBIS Translated Text] Acting on tip-offs from local people regarding the smuggling of children overseas from various places in My Tho Town and the Cho Gao District of Tien Giang Province, and from the information collected from two cases of child kidnapping in Tan Phuoc and Chau Thanh Districts in the same province, leaders of the Tien Giang Public Security Office ordered the local police force to investigate and handle the case. As a result, the police force arrested Tran Huu Phuoc (year of birth: 1955) of 165/18, 3 February Street, 10th Precinct, Ho Chi Minh City, who is one of the masterminds of the plot.

An interrogation of Phuoc led the police force of Tien Giang to other arrests, including those of Dinh Thi Thanh Tung (female) (year of birth: 1955), owner of the Truc Mai Hotel at 9, Truong Quang Dung Street, Phu Nhuan Precinct, Ho Chi Minh City; Tran Van Soi (year of birth: 1949) of 140/79, Vo Thi Sau Street, 3d Precinct, Ho Chi Minh City; and a number of accomplices. The force also recovered a number of children under one year of age who had not been sold, or had been sold but not yet delivered, and were being fed in the hotel or at the homes of those involved in the ring.

After over a year and a half, the ring had bought 21 children from Tien Giang, Vinh Long, Ben Tre, Kien Giang, Soc Trang and elsewhere. The children were kept at the Truc Mai Hotel and then sold to foreign tourists in Vietnam under the guise of arrangements for adoption procedures. The tricks that members of this gang of crooks used including looking around at maternity hospitals and poor villages and luring

people to sell children regardless of their origins. Using attractive commissions, they attracted the cooperation of a number of people such as Nguyen Thi Tuoi [female] (1960), employee of the obstetrics ward of Tien Giang General Hospital; Tran Thi Het [female] (1965) of Dang Hung Phuoc village, Cho Gao District; and Vuu Kim Dong (1937), Nguyen Ngoc Anh (1941), and Nguyen Thi Thuy [female] (1967) all from the 6th Ward of My Tho Town.

Phuoc and other accomplices admitted that they usually paid five million dong for each child and resold them for several thousand U.S. dollars. They had sold 15 children so far that way. It is regrettable that there were people without a conscience who had sold their own children just like merchandise, as in the case of Nguyen Van T.

of the 6th Ward of My Tho Town. He had approached other people and offered to sell them his baby, and even asked them for an advance payment of one million dong so he could bet on Euro-96, even though his wife was still pregnant and the baby had not yet been born.

Tran Van Phuoc was a contract worker of the Legal Consultation Office managed by the Vietnam Women's Union of Ho Chi Minh City. His job was to give advice on the procedures for marriage registration, but on his business cards he had put his profession as a legal consultant and he used some fake seals of the office in this illegal business. The investigative body of the Tien Giang Public Security Office is finalizing the details of the case before bringing it to court.

Australia

Australia: Tim Fischer Criticizes U.S. Antiterrorism Laws

BK0908133296 (Internet) Australian Broadcasting Corporation Online WWW in English
0846 GMT 9 Aug 96

[FBIS Transcribed Text] The Deputy Prime Minister Tim Fischer has renewed his criticism of the US government's plan to apply laws beyond its territories, in a bid to counter terrorism.

Mr Fischer has repeated his opposition to new US laws seeking to place sanctions on non-American companies trading with countries such as Iran, Libya, and Cuba.

He says the targetting of such companies is misdirected, and it's also dubious whether economic pressure on the general population can curb terrorism.

But Mr Fischer says there's no doubting his government shares the US commitment to eliminating terrorism.

Australia: Editorial Comments on U.S. Laws to Curb Terrorism

BK0908154596 Sydney THE SYDNEY MORNING HERALD in English 9 Aug 96

[Editorial: "Third-Party Sanctions" — received via Internet]

[FBIS Transcribed Text] The US President, Mr Clinton, has now signed the Iran and Libya Sanctions Act. This imposes a range of penalties — including bans on exports to the US — on foreign companies that invest more than \$US40 million a year in Iran's or Libya's petroleum or natural gas industries. It has been justified on the grounds that it will put pressure on those countries that sponsor terrorism or provide a sanctuary for terrorists. The frustration of the US towards those responsible for terrorist activities is understandable. But its willingness to take action to respond to international terrorism — irrespective of the impact it will have on its allies — stands in contrast to its willingness to tackle the increasing security threats to the US from within.

The Oklahoma City bombing, the activities of the Unabomber and, quite possibly, the Atlanta bombing were not the work of Iranian, Libyan or Syrian terrorists. Mr Clinton and the Congress, however, have been unable to agree on measures designed to curb internal terrorism. They have found it much easier to agree on extending to foreign companies the existing sanctions against US companies which conduct business dealings with Iran, Libya and (in another context) Cuba.

America's bullying of other countries to fall in line with its own foreign policy initiatives will prove to

be counter-productive to the task of combating international terrorism. Only multilateral action can be effective in developing meaningful sanctions against countries which support terrorism. The US is understandably exasperated by the lack of decisive action by the United Nations. But the task of building an international consensus on measures to combat terrorism will be jeopardised, not helped, by unilateral action by one country. The US move came at the same time, for example, as ministers of the Group of Seven (G7) were discussing a range of measures to combat international terrorism — including airline safety, extradition and intelligence exchange.

The new US law also follows the Helms-Burton Act imposing further sanctions against Cuba. It includes the controversial Title III provision which allows US companies and individuals to sue foreign companies that traffic in assets seized after the 1959 revolution. Mr Clinton's attitude reveals much about the cynical nature of these additional anti-Cuba measures. Despite his ringing declaration that foreign governments could either "join our efforts to promote a transition to democracy in Cuba ... or they can face full implementation of the law", Mr Clinton initially opposed them until he was forced to respond to the public outcry caused by Cuba shooting down two private planes. Mr Clinton's recent approval of Title III was obviously prompted by the very large Cuban-American constituencies in Florida and New Jersey in this presidential election year. When the US last year sought UN approval for trade sanctions against Cuba it gathered only two votes.

Both acts are a violation of the principle of national sovereignty and breach various trade agreements to which the US is a signatory. These include the 1994 General Agreement on Tariffs and Trade, the General Agreement on Trade Services and the North American Free Trade Agreement. The European Union is already preparing retaliatory measures to protect the interests of its investors. The US measures will have limited impact on Australia. This is all the more reason why the Federal Government is right to protest about them. It cannot be accused of speaking out of self-interest.

New Zealand

New Zealand: Daily on Prime Minister's Visit to South Africa

BK1008104196 Christchurch THE PRESS in English
6 Aug 96

[Editorial: "Building Bridges" — received via Internet]

[FBIS Transcribed Text] Jim Bolger's five-day visit to South Africa has a self-promoting aspect but it should

not be dismissed as just a political stunt. The visit falls in the run-up to New Zealand's October 12 election, and although the official campaign is not under way it might as well be. At this time no serious politician is likely to pass up an opportunity to be presented in a favourable light. Being seen with the great and universally admired Nelson Mandela casts a very favourable light. However, issues of substance exist between South Africa and New Zealand. The two nations need to improve the detail of their relationship, and that is the core reason for the visit. In any case, New Zealanders are skeptical enough not to let photo opportunities much influence the election.

For several years New Zealand directed considerable energy to not dealing with South Africa. Sanctions meant that Wellington did not maintain the arrangements with Pretoria which it has with many other capitals. For instance, although New Zealanders and South Africans tour each other's country, things like air services, and visa and banking arrangements need attention. So does trade. Our sales to South Africa are limited but increasing, as is investment. We need, however, investment and tax agreements.

This will require the continuous exercise of quality diplomacy. New Zealand has not been represented in South Africa, although a high commission will be opened there this year and Pretoria has its man in place in Wellington.

To the extent that New Zealand is making links where none existed before, Mr. Bolger's visit is groundbreaking. Although he is unlikely to get involved in the detail of negotiating agreements his visit will help ease the political way.

The Prime Minister is accompanied not only by Foreign Affairs officials but also by business people and elders from Tainui, as well as by Trevor Richards. The inclusion of Mr. Richards by a National Government in

a State visit to South Africa shows New Zealand healing its own apartheid wounds. However, Mr. Richards's qualifications extend further than his former leadership of Hart. He is associated with the Nelson Mandela Trust, which aims to promote and fund a New Zealand contribution to the reconstruction of South Africa, focusing on the East Cape. He is also the Africa expert on Volunteer Service Abroad.

South Africa is a substantial country, with a population of more than 41 million and a gross domestic product of \$NZ173 million, more than that of Singapore and Malaysia combined. The potential for trade and investment is surely there even if its political and economic troubles are considerable. Some estimates put unemployment as high as 32 per cent, although there are unusual aspects that suggest it might not be as high as that. The Government planned to create jobs by the millions but has since modified its aims to the hundreds of thousands. Greater priority seems to be going to growth. Some State activities are to be privatised but this is contentious, as is the hands-off economic stance.

Mr. Mandela's recent trip to Europe was partly an attempt to encourage investment. It is more difficult to get people to invest in a good cause than in a sound economy. However, the political risk of South Africa can be overstated.

President Mandela is not trying to hold on to power for a second term—he believes that Thabo Mbeki should succeed him. Deputy President Mbeke was in New Zealand last year and made an impression as a good speaker with a clear grasp of issues, and he is a clever politician. South Africa would be safe in his hands. His knowledge of us is useful because the relationship between New Zealand and South Africa is going to be a long-term one that needs nurturing. Mr. Bolger's visit also helps that process.

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